THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE

PERFORMANCE AUDIT REPORT ON THE BUSINESS
REGISTRATION AND LICENSING

ONLINE
REGISTRATION SYSTEM

Create ORS account

E-services for registered users

Free search

Industrial property journals

ORS technical support

CONTROLLER AND AUDITOR GENERAL
MARCH,2022

About National Audit Office

Mandate
The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the URT of 1977 and in Sect. 10 (1) of the Public Audit Act, Cap 418.

Vision, Mission and Core Values

Vision
A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission
To provide high-quality audit services through modernisation of functions that enhances accountability and transparency in the management of public resources.

Motto: "Modernising External Audit for Stronger Public Confidence"

Core Values
In providing quality services, NAO is guided by the following Core Values:
  i.   Independence and objectivity
  ii.   Professional competence
  iii. Integrity
  iv.   Creativity and Innovation
  v.   Results-Oriented
  vi.   Teamwork Spirit
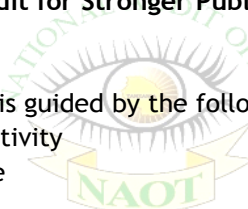
We do this by: -
  ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
  ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
  ✓ Providing technical advice to our clients on operational gaps in their operating systems;
  ✓ Systematically involve our clients in the audit process and audit cycles; and
  ✓ Providing audit staff with appropriate training, adequate working tools and facilities that promote their independence.

PREFACE

Section 28 of the Public Audit Act Cap 418 mandates 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 Ministries, Departments and Agencies (MDAs), Local Government Authorities (LGAs), Public Authorities and other Bodies.

I have the honor to submit to Her Excellency Hon. Samia Suluhu Hassan the President of the United Republic of Tanzania, and through her to Parliament of the United Republic of Tanzania this Performance Audit Report on Registration and Licensing of Business. The audited entities were the Ministry of Investment, Industry and Trade and BRELA.

This report contains findings of the audit, conclusions and recommendations that focused mainly on efficiency and effectiveness of Online Registration Systems and human resources at BRELA; efficiency of the processes deployed by BRELA in registering and licensing of businesses; and monitoring activities.

Both MIT and BRELA were given an opportunity to scrutinize the factual contents and comment on the draft report. I wish to acknowledge that the discussions were very useful and constructive.

My Office intends to carry out a follow-up audit at the appropriate time regarding the actions taken by MITI and BRELA in relation to the recommendations given in this report.

After the completion of the assignment, the Office subjected the report to the critical reviews of Prof. Edda Tandi Lwoga; a Deputy Rector at College of Business Education and Dr. Edephonce Ngemela Nfuka, who is a Senior Lecturer at Open University of Tanzania. Independent reviewers came up with useful inputs on improving this report.

This Report has been prepared by Mr. Ishengoma Rweyongeza-Team Leader, Mr. Cosmo Munuo and Mr. Ahimidiwe Ngilangwa-Team Members under the supervision and guidance of Ms. Mariam Chikwindo – Chief External Auditor, Mr. James G. Pilly – Assistant Auditor General and Mr. George Haule – Deputy Auditor General.

I would like to acknowledge the commitment of my staff and cooperation accorded to my audit team by all the respective Accounting Officers and their staff which has facilitated timely completion of this audit report.

Charles E. Kichere,
Controller and Auditor General,
United Republic of Tanzania,
March, 2022.

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LIST OF ABBREVIATIONS AND ACCRONYMS

BRELA	Business Registration and Licensing Agency
e-GA	Electronic Government Authority
HQ	Head Quarters
ICT	Information, Communication and Technology
KPI	Key Performance Indicator
LGA	Local Government Authority
M & E	Monitoring and Evaluations
MIT	Ministry of Investment, Industry and Trade
MTEF	Medium Term Expenditure Framework
NBP	National Business Portal
NIDA	National Identification Authority
NIDC	National Internet Data Center
ORS	Online Registration System
PO-RALG	President's Office - Regional Administration and Local Government
SMS	Short Messaging Services
TBS	Tanzania Bureau of Standards
TIN	Tax-payer Identification Number
TNA	Training Needs Assessment
TRA	Tanzania Revenue Authority
TZS	Tanzanian Shilling
UAT	User Acceptance Test

DEFINITION OF TERMS

Key Term	Definition
Web application	A permit to different views to be presented, such as applications formatted for web access versus access from mobile devices, and web service interfaces for remote applications
User Acceptance Test (UAT)	A last stage of software development conducted by end user of the product for approval for production release
Source Code	Is programming statement that are created by programmer with special tool and it gives user access to various files requires to perform a certain functions
Redmine	An online project management system used as error reporting and Help desk tool. It is open-source software that can be downloaded free from internet and can be customized for personal use
Re - designing	A process required to upgrade the existing workflows and eliminate the Messaging Queue dependency by implementing other web services that will be familiar to local administrators and users
Disaster Recovery	Methods for ensuring that an organization recovers from natural and human caused disasters that affect its computer-based operations
Business Process Re-engineering	Restructuring and transforming a business process by Agency rethinking and redesign so as to achieve dramatic improvement such as cost, quality or speed of delivery
SMS Gateway	A website that allows users to send short messaging services (SMS messages from web browser to the people served by that gateway
End User	A person who actually uses the hardware or software, distinguished from those who designed, developed, installed or services the system
Firewall	A security device comprising of a set of related programs that protects the resources of a private network from users from other networks. I.e. Restrict access in communication networks

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EXECUTIVE SUMMARY

According to a study conducted by World Bank[1] on easy of doing business, 42 economies world-wide made it easier to start a business. Economies with smart business registration have a higher entry rate as well as greater business density. In the past 7 years, Doing Business report recorded 296 business registration reforms in 140 economies. As a result of these reforms, the average time to start a company fell from 49 to 34 days, and the average cost from 86% of income per capital to 41%. In East Africa, 9 reforms were conducted in 4 economies (Rwanda, Kenya, Tanzania, and Uganda) for the past 7 years. In the region, the average number of procedures was reduced from 13 to 11, the number of days was reduced from 34 to 25 days and the cost was reduced from 142% of per capita income to 60%.

Audit Rationale

Despite economic reforms and various interventions sustained since the mid-eighties, there are still residual impediments such as bureaucratic procedures that lead to high transaction costs. Officials delayed to update applications and customers stayed for a long time without response from the agency. This discourages the inflow of foreign and domestic investment and hinders efficient trade sector performance.

The main audited entities were BRELA and the Ministry of Investment, Industry and Trade. Specifically, the Audit focused on assessing whether BRELA effectively and efficiently managed to deliver its core services of Business Registrations and Licensing (company registration, Business name registration and Industrial and Business Licensing); and whether the Ministry of Investment, Industry and Trade and BRELA effectively monitor the implementation of registrations and licensing activities.

The Audit covered a period of 2018/19-2020/21. The Audit evidences were gathered through document reviews, interviews held with relevant officials and physical observations.

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[1] World Bank (2020), Doing Business "*Comparing Business Regulation in 190 Economies*"

Main Audit Findings

BRELA Deployed Inefficient System for Online Business Registration

Audit noted that, procured ORS could not handle the intended tasks comprehensively. It was noted that, there were systems misbehavior that caused errors and data anomalies in the system. It was further noted that the application modules were not properly implemented in the systems, hence hindering the users to accomplishing their activities efficiently.

The system is inefficient because, ICT staff were not effectively involved during system development. The involvement of ICT staff was mainly through video conference which did not give enough for the staff to provide their views and inputs during system development and evaluation. It was further noted that, BRELA lacked skills in project management and Vendor relationship management. These skills could have help to supervise the Vendor so as to ensure the proper execution of all agreed aspects.

Consequently, inadequate capacity of the system led to increased number of unattended applications, i.e. a total of 86,000 out of 281,000 applications received (equivalent to 31%) were not attended. As a result of this inadequate capacity, BRELA's systems operates only on Primary site and have no Hot Recovery Site.

Subsequent Additional Costs Incurred During and After Introduction of the ORS

Audit noted that, a total of TZS 328,930,580.26 were used by BRELA as an extra cost for system re-designing, training and commissioning. This amount was equivalent to 7% of the total budget for installation and operationalization of ORS system.

The additional cost on ORS development was TZS 257 million on top of the originally agreed budget. Additional costs on this item were a result of system re-engineering after inefficient operation of the initially developed ORS system. Despite of the re-designing activity having costed such a huge amount of the fund, the re-designing activity was not completed and commissioned to BRELA for use up to the time of this audit.

On the other hand, audit noted that, training item was covered in the main ORS contract and it had a cost of USD 50,000. Therefore, there was no need for the additional training contract which costed USD 23,712 (equivalent to TZS 54 Million). This cost could have been avoided if BRELA technical staff had been engaged during the development of the ORS to acquire knowledge transfer to run this project.

Inefficient Mechanism Used by BRELA to Ensure Timely Renewal of Licenses

The audit noted that, inspection was the only mechanism used by BRELA to ensure licenses were timely renewed. However, the audit indicated shortage on the number of staff to undertake the license inspection activities throughout the country; the Licensing unit had 13 staff out of 19 required, making a shortage of 6 staff as per the Staff Need Analysis report of 2021.

Due to insufficient staffing, BRELA conducted only three out of 24 inspections planned. This means, BRELA had completed only 13% of its plan. Despite of this shortage, BRELA had also inadequately covered the LGAs. Inspection executed indicated to have covered a total of 21 out of 186 LGAs in the country, this is equivalent to 12% of all LGAs.

This implies that, 186 LGAs were at the risk of executing business without valid licenses. Audit noted that, by 3rd November, 2021, only 10,695 out of 34,590 licenses due for renewal (equivalent to 31%) were timely renewed for the three years of audit scope.

Moreover, the audit noted that despite having National Business Portal (NBP) there were no SMS sent to company owners to remind them to renew their licenses. This was caused by failure of the system to send SMS notifications.

Inadequate Monitoring of Business Registrations and Licensing by Ministry of Investment, Industry and Trade (MIT)

Audit noted that, monitoring activities on the performance of BRELA were not sufficiently conducted since there was no physical supervision by the Ministry. Instead, the Ministry depended much on the Implementation reports submitted by BRELA. This means that, for the three years BRELA's activities were implemented without being physically verified by the parent Ministry.

It was further noted that, budget of TZS 106,500,000 set to facilitate monitoring activities for three years was not released. Failure to disburse funds to facilitate monitoring activities at BRELA was caused by low prioritization of these activities by the Ministry of Investment, Industry and Trade. This is because the MIT did not take any action to deal with the challenge of undisbursed funds for M&E activities.

Lack of physical visits for monitoring purposes at BRELA partly contributed to development of registration and Licensing System with many shortcomings as it lacked close monitoring from MIT. In all reviewed correspondence files from the BRELA, the Audit could not find any corrective intervention from the Ministry when things went wrong.

On the other hand, audit noted that, BRELA did not have Monitoring and Evaluation Framework to facilitate the performance monitoring of its planned activities. BRELA did not track the implementation status of its activities envisaged to be done in a given respective year, the Monitoring and Evaluation Unit at BRELA depended on requesting for the implementation status from departments when the time for reporting come.

Because of inadequate monitoring done by M&E Unit at BRELA the noted inefficiencies remained unnoticed and unattended as they were not adequately monitored and reported to higher level which include the Ministry of Investment, Industry and Trade for further action and follow up.

Audit Conclusion

While acknowledging the efforts shown by BRELA in implementation of registration and licensing of business activities, the observed inefficiencies call for more interventions for improvement purposes.

It is concluded that, having a large public interface, Online Registration System is an essential tool for BRELA's management to fulfill its mandated roles. The system is aiming at enhancing greater transparency and accountability in the working of organization to enable fostering formalization of businesses. Despite this intention, the objective is yet to be achieved because BRELA's automation of its business processes was inefficiently done resulting to various noted inefficiencies in delivering its core services of Business Registrations and Licensing.

Audit Recommendations

To ensure capacity of the deployed Online Registration systems and staff to handle registration and Licensing Activities, Business Registration and Licensing Agency should ensure:

1. Proper and widely understood Service Level Agreements (SLA) is available for all vendors developing and supporting systems and services detailing both parties deliverables, roles and responsibilities and guaranteed service response times;

2. IT leadership is capacitated with required skills on ICT project management, vendor relationship management and governance;

3. ICT staff capacitated with required skills to oversee system development, undertake system maintenance and all other system challenges without vendor dependence; and

4. Issues tracking or helpdesk is developed with appropriate skills - set for handling user queries that would ensure all queries on the system are attended and feedback provided timely to users.

In order to ensure efficiency of processes deployed by BRELA when registering and licensing businesses activities, Business Registration and Licensing Agency should:

1. Ensure the draft Client Service Charter which include service timelines is finalized, approved and disseminated to all relevant stakeholders;

2. Regularly review system operations in order to monitor abnormalities and channel the identified issues to respective sections on time so that they get fixed; and

3. Ensure Registration and Licensing systems are developed in such a way they assign roles to action officers and set supervisor/administrator to review the number of applications processed by the officer.

In order to have adequate Monitoring and Evaluation, the Ministry of Investment, Industry and Trade should ensure that:

1. Monitoring and Evaluation Framework and other monitoring tools are in place to facilitate easy execution and performance measurement of activities implemented within the Ministry and its agencies including BRELA; and

2. A mechanism is devised that ensures the budgeted funds for Monitoring and Evaluation activities are released.

3. Liaise with PO-RALG to establish a mechanisms that will strengthen conduct of inspection for licenses at LGAs level in order to cover large area for conducted inspection.

Business Registration and Licensing Agency should ensure:

1. Monitoring and Evaluation Framework and other monitoring tools are in place to facilitate easy execution and performance measurement of activities implemented within the BRELA; and

2. Monitoring and Evaluation section is well capacitated in terms of skills and staffing so as to ensure they implement their roles as stipulated.

INTRODUCTION

1.1   Background of the Audit

Since 2004, policy makers in more than 75% of the world's economies have made it easier for entrepreneurs to start a business in the formal sector (Doing Business in East Africa, 2011). Worldwide, 42 economies made it easier to start a business. Streamlining registration formalities was the most popular feature of business registration reforms. A study (Doing Business in East Africa, 2011) using data collected from company registries in 100 economies over 8 years found that simple business start-up is critical for fostering formal entrepreneurship. Economies with smart business registration have a higher entry rate as well as greater business density[2].

In the past 7 years Doing Business recorded 296 business registration reforms in 140 economies. As a result of these reforms, the average time to start a company fell from 49 days to 34, and the average cost from 86% of income per capital to 41%. In East Africa, 9 reforms were conducted in 4 economies (Rwanda, Kenya, Tanzania, and Uganda) for the past 7 years. In the region, the average number of procedures was reduced from 13 to 11, the number of days from 34 to 25 and the cost from 142% of income per capital to 60%.

Despite economic reforms and various interventions sustained since the mid-eighties, there are still residual impediments such as bureaucratic procedures that lead to high transaction costs. This discourages the inflow of foreign and domestic investment and hinders efficient trade sector performance (Doing Business in East Africa, 2011). For instance, in Tanzania the legal and regulatory framework is bureaucratic, costly and centralized. These characteristics of the legal and regulatory environment affect all sizes of businesses adversely (National Trade Policy, 2003).

To solve the above-mentioned problems and making Tanzania the easiest country to start a business, BRELA automated most of its business processes. Establishment of online registration system has revamped the number of

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[2] Doing business in East Africa, 2011

companies that are registered per month. For example, before the establishment of electronic services BRELA used to register 60 companies per month. Upon establishment of online registration, BRELA is now registering 750 to 800 companies per month.[3]

1.2   Motivation for the Audit

This audit was motivated by the prevailing problems related to business registration and licensing in the country. Some of the issues which motivated the main study are:

(i)   *Inadequate Delivery of Services to Customers*

Despite BRELA's automation of its business processes, some of the services to customers were not satisfactory. Reviewed Internal Audit Report of 2020 indicated that, BRELA officials delayed to update applications submitted by customers. As a result, customers waited for a long time without response from the agency. Customers' experienced different waiting time of their application as indicated in **Table 1.1**. Of five applications reviewed, there were customers whose applications took fourteen (14) months to be processed.

Table 1.1: Delayed Application to be Processed by BRELA Officials

Tracking Number	Task Creation Date	Customer Response Date on Comments raised	Number of Months
G190128-0951	28th January, 2019	31st March, 2020	14
G191009-8299	9th October, 2019	31st March, 2020	6
G191213-3552	13th December, 2019	31st March, 2020	4
G180601-9281	1st June, 2018	16th June, 2020	24

Source: *Internal Audit Report of June, 2020*

From the client's perspective, waiting times are often regarded as long or even too long, time-consuming and unnecessarily costly. A long waiting time is also often a basic factor for client dissatisfaction and may tempt them to "jump" the queue, and may even serve as the basis for bribes. Short waiting

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[3] https://www.habarileo.co.tz/habari/2019-06-205d0b20c2e28ed.aspx

times, on the other hand, are likely to contribute to fair and stable services and satisfied clients and as such will promote the development of democracy[4].

(ii)   Weaknesses in Managing Company Name Clearance

Though Section 30(2) of the Company Act of 2002 prohibits a company to be registered by the name which is the same or too similar to a name appearing in the index of company names, still there were companies with similar names and with different registration numbers as indicated in **Table 1.2.** Registering different companies under similar or closest name may affect business of the client as it brings confusion to consumers and deter the goodwill of the customers (Internal Audit Report of April 2020).

Table 1.2: Different Companies with Similar/Closest Names

Company Name	Registration Number	Registration Date
Builders Depot Limited	111649	29th September, 2014
Builder's Depot Limited	100798	15th July, 2013
Builders' Depot (T) Limited	46892	9th September, 2011

Source: Internal Audit Report, 2020

(iii)   Improper Assessment of Revenue after Registration

BRELA has experienced the problem of accuracy in revenue assessment of post registration documents. Reviews done by the Internal Audit Unit in a few sampled post registration documents indicated the presence of companies that were either under assessed or over assessed. As a matter of principle, the under assessed or over assessed companies resulted to under or over payment of revenue by the registered companies.

(iv)   Debentures are Handled Manually

Despite having online registration system, some activities such debenture are handled manually. In case the company wants a loan from a bank, the bank would require a debenture from BRELA. The debenture form could not be provided by the system as the matter of fact the Bank or the company owner is required to visit manually at BRELA. This has caused chaos as

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[4] AFROSAI-E, Guideline on Performance Audit on Waiting Time

BRELA fails to provide this service on time and there were scenario where companies had failed to secure loan just because they failed to have submission of debentures timely.

Therefore, improving business registration and licensing (time and procedures) services is directly linked to improved environment of doing business in the country. In view of the above, the Controller and Auditor General decided to carry-out performance audit on business registration and licensing. The intention was to assess the economy, effectiveness and efficiency of the Online Registration System (ORS), given the resources used to acquire it and recommending areas for further improvement.

1.3   Design of the Audit

1.3.1 Audit Objective and Sub-objectives

The objective of this audit was to assess whether BRELA effectively and efficiently managed to deliver its core services on Business Registrations and Licensing (company registration, Business name registration and Industrial and Business Licensing) and whether the Ministry of Investment, Industry and Trade (during pre- study it was known as the Ministry of Industry and Trade) and BRELA effectively monitor the implementation of registrations and licensing activities.

Specifically, the audit assessed the following:
1.   The economy, efficiency and effectiveness of the Online Registration System and human resources at BRELA;
2.   Efficiency of the processes deployed by BRELA when registering and licensing businesses[5];
3.   Whether the Ministry of Investment, Industry and Trade and BRELA effectively monitor implementation of registration and licensing activities.

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[5] Company registration, Business name registration and Industrial and Business Licensing

1.3.2 Audit Questions

To address the audit objectives, and its specific objectives, the Audit Team developed three (3) main audit questions. The main audit questions and sub- questions are presented in **Appendix 2.**

1.3.3 Audit Criteria

The assessment criteria of this audit were drawn from various laws, regulations, procedures and other guiding documents which give respective audited entities mandate to perform their functions. These are as detailed in **Appendix 3.**

1.3.4 Audit Scope

The main audited entities were BRELA and the Ministry of Investment, Industry and Trade. BRELA is an executive agency under the Ministry of Investment, Industry and Trade responsible to undertake companies and business names registration, trade and service mark registration, granting of patents and issuing of industrial licenses by creating conducive environment for business management; and improve the quality of services provided by the departments concerned. Meanwhile, the Ministry of Investment, Industry and Trade has a role of overseeing and monitoring implementation of BRELA's activities so as to enforce quality of the services and compliance of BRELA with the required policies, laws, standards and guidelines.

Specifically, the audit assessed the economy, efficiency and effectiveness of the Online Registration System and capacity of human resources at BRELA; efficiency of the processes deployed by BRELA when registering and licensing businesses; and monitoring of activities as performed by the Ministry of Investment, Industry and Trade and BRELA.

The audit covered registration and licensing of class "A" business activities performed by BRELA only because of its high transaction volume compared to that of PO-RALG. Categories of registration and licensing assessed are company registration, business name registration and industrial and business licensing.

Furthermore, the audit visited four regions of Dodoma, Dar es Salaam Mwanza and Mtwara. Dodoma and Dar es Salaam regions were visited because the Ministry of Investment, Industry and Trade is located at Dodoma while BRELA's Head Quarter office is located in Dar es Salaam. Two Zones of Mwanza and Mtwara were also visited because they were the only established BRELA Zones. More factors for their selection are elaborated in **Section 1.4.1** of this report.

The audit covered information spanning from financial year 2018/19 to December, 2021 because it was in this period when there was mass restructuring of registration and licensing procedures at BRELA i.e. Online Registration System (ORS). Therefore, information which were gathered within this period were current and sufficient to address objectives of the audit.

1.4   Sampling, Methods for Data Collection and Analysis

To achieve objective of the audit, the Audit Team gathered reliable and sufficient audit evidence from BRELA HQ in Dar es Salaam; two established zones of Mtwara and Mwanza; and the Ministry of Investment, Industry and Trade in Dodoma. Below are detailed explanations for each of the methods used, sampling techniques and methods for data analysis:

1.4.1 Sampling Techniques

Purposively, the Audit Team collected data from four regions namely Dodoma, Dar Es Salaam, Mwanza and Mtwara through interviews, review of documents and conducting physical verification. Dodoma and Dar es Salaam regions were visited because the Ministry of Investment, Industry and Trade is located in Dodoma while BRELA's Head Quarter office is located in Dar Es Salaam. The two regions of Mwanza and Mtwara were also visited because they are the only established Zones of BRELA. Since the application is done online, all applications files in the ORS were reviewed.

1.4.2 Methods of Data Collection

Three methods to collect data were deployed i.e. interviews, documents review and physical observation.

(i)   Documents Review

Various documents regarding business registration and licensing were reviewed from BRELA. Documents related to Monitoring and Evaluation as performed by the Ministry of Investment, Industry and Trade were also reviewed. List of reviewed documents is as shown in **Appendix 4.**

(ii)   Interviews

Interviews were conducted with officials from BRELA for the purposes of obtaining information regarding to registration of business names; company names; and industrial and business licensing. Similarly, officials from the Ministry of Investment, Industry and Trade were interviewed to provide clarification on specific issues concerning monitoring and evaluation of implementation of business registration and licensing activities. **Appendix 5** shows list of officials who were interviewed during the audit.

(iii)   Physical Observations

 The audit team visited Mtwara and Mwanza regions to observe the extent of delivering registration and licensing of businesses. During observation process, Auditors conducted interviews with different BRELA officials (such as Deputy Registrars and various BRELA and other stakeholders' officials) on how they implement their roles regarding business registration and licensing. Also, data from the online registration system was extracted to ascertain the validity of information obtained by other means.   In all visited sites, Auditors took notes and pictures as evidence of what has been observed.

1.4.3 Data Analysis

The audit team used different techniques to analyse qualitative and quantitative data as detailed hereunder:

i. Analysis of Qualitative Data

- Content analysis techniques used to analyse qualitative data by identifying different concepts and facts originating from interviews or document reviews and categorize them based on its assertion;
- The extracted concepts or facts were tabulated and presented to explain or establish relationships between different variables originating from the audit questions;
- The recurring concepts or facts were quantified depending on the nature of data they portray; and
- The quantified information (concepts/facts) was then summed-up or averaged on spread-sheets to explain or establish relationships between different variables.

ii. Analysis of Quantitative Data

Quantitative data was recorded in Excel-sheets, whereby each selected case was recorded together with relevant variables as defined by the Audit Team for the purpose of addressing audit objectives. Therefore, the Audit Team processed data and analysed them through Excel, whereby;
- The tabulated data was statistically analysed through normal distribution and presented in figures, graphs and tables depending on the nature of data; and
- Other quantitative data with single occurrence were presented in the reports by explaining the facts they assert.

1.5 Data Validation Process

The Audited Entities, namely BRELA and the Ministry of Investment, Industry and Trade were given the opportunity to go through the draft audit report. All of them confirmed the accuracy of the information presented in this report. The comments and responses of BRELA and the Ministry of Investment, Industry and Trade are presented in **Appendix One**.

1.6   Standards Used for the Audit

The audit was conducted in accordance with International Organization of Supreme Audit Institution's (INTOSAI) performance auditing standards. The standards require the audit team to plan and perform the audit so as to obtain sufficient and appropriate evidence as well as, provide a reasonable basis for findings and conclusions based on audit objective(s). The audit team believes the evidences obtained provide a reasonable basis for the findings and conclusions based on the audit objectives.

1.7   Structure of the Report

This audit report consists of five chapters as described in the **Figure 1.1**

Figure 1.1: Structure of the Audit Report

Chapter One:
Covers background to the audit, audit motivation, design and assessment criteria used during the audit. It also provides standards used to carry the audit and data validation process.

Chapter Two:
Presents the description on Business Registration and Licensing. The description included Legal framework, processes, key players and stakeholders together with their responsibilities.

Chapter Three:
Presents the findings of the audit covering all three sub-objectives of the audit.

Chapter Four:
Provides overall conclusion and specific conclusions for the audit.

Chapter Five:
Outlines the audit recommendations that can be implemented by the BRELA so as to improve the existing systems for the provision of Business Registration and Licensing services in the country.

CHAPTER TWO

SYSTEM DESCRIPTION FOR MANAGING BUSINESS REGISTRATIONS AND LICENSING

2.1   Introduction

This chapter provides the system description and processes for Business Registration and Licensing. It explains policies, laws and regulations that govern the entire system for business registration and licensing in the country[6]. It also covers key stakeholders and their main responsibilities and processes for management of Business Registration and Licensing.

2.2   Policy and Legal Framework Governing Business Registration and Licensing

This section describes the governing policy(s), laws and regulations on Business registrations and licensing in the country.

2.2.1 Policy

In Tanzania currently there is no policy specifically addressing the area of business registration and licensing. Nevertheless, given circumstances that registration and licensing of business is online executed, the National ICT Policy 2016 becomes of utmost importance.

2.2.2 National Trade Policy, 2003

National Trade Policy is a guiding tool for implementation of the sectorial-policies.   It aims at operationalizing transformation of business and other trading activities within the country. Through this the Government recognises the adverse consequences associated with discretionary licensing, use of import permits and registration of importers as instruments to regulate trade.

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[6] Tanzania being a two tier government necessitates the system for business registration and licensing to follow the two tier of the government, i.e; local and central government.

2.2.3 Small and Medium Enterprises Policy, 2003

The Policy aims at simplifying Business Registration and Licensing Procedures. Strategies for implementing the SME development policy focus on three main areas namely, the creation of an enabling business environment; developing of financial and non-financial services; and putting in place supportive institutional infrastructure. The SME Policy takes into account the special constraints and opportunities faced by this sector and aims at strengthening institutions which will address these constraints and maximize exploitation of the opportunities.

2.2.4 National ICT Policy 2016

The National ICT Policy (NICTP) of 2016 addresses the issue of using ICT, among others, by public institutions to enhance service delivery. Based on the fact that there were fragmentation of e-Government initiatives, the-Government in 2010 made a remarkable step of establishing the e-Government Agency (e-GA) to coordinate, oversee and promote e-Government initiatives and enforcement of e-Government standards to Public Institutions. Use of ICT in service delivery becomes one of the strategy to be used to simplify registration and licensing procedures.

2.2.5 Legislation Governing the Business Registration and Licensing

The following are the main legislation on business registration and licensing in the country:

Table 2.1: Summary of Legislations Governing Business Registration and Licensing in the Country

Legislations	Issues covered under Business Registration and Licensing	Responsible entity
The Executive Agencies Act, [Cap 245 R.E 2002]	The Act establishes[7] BRELA as an executive agency under the Ministry of Investment, Industry and Trade responsible for business administration and regulation; namely Companies Registration, Business Names Registration, Trade and Service Marks Registration, granting of Patents and issuing of Industrial License.	Business Registration and Licensing Agency (BRELA)
The Companies Act, [Cap 112 R.E 2002]	The Act provides for comprehensive provisions for regulation and control of companies, associations and other miscellaneous matters related to companies' incorporation, registration, administration, insolvency and winding up.	Business Registration and Licensing Agency (BRELA)
The Business Names (Registration) Act, [Cap 213 R.E 2002]	This is an Act provides for the registration of business names requirements/conditions.	Business Registration and Licensing Agency (BRELA)
Trade and Services Marks Act, [Cap 326 R.E 2002]	Trade and Services Marks Act make better provisions for registration and protection of trade and services marks.	Business Registration and Licensing Agency (BRELA)
The Patents (Registration) Act [Cap 217 R.E 2002]	The Patents (Registration) Act make better provisions for the promotion of innovation for the facilitation of the acquisition of technology on fair terms through the grant and regulation of	Business Registration and Licensing Agency (BRELA)

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[7] Section 3(1) of the Executive Agencies Act, [Cap 245 R.E 2002]

Legislations	Issues covered under Business Registration and Licensing	Responsible entity
	patents, utility certificates and innovation certificates	
The National Industries (Registration and Licensing) Act, [Cap 46 R.E 2002]	The Act provides *inter alia* for the registration and licensing for certain industries to be undertaken by BRELA.	Business Registration and Licensing Agency (BRELA)

Source: *Auditors' Analysis from the Reviewed Legislations, 2021*

2.3   BRELA's Strategic Plan (2016/2017- 2020/2021)

The 6th BRELA's Strategic Plan focuses on re-engineering of business operations, expansion of BRELA services to serve customers in the up-country regions. As per the strategy this could only be achieved in collaboration with TCCIA and other stakeholders who are to provide support to current and potential users of BRELA services, improving working environment among other things. It further aims at putting in place strategies to enable provision of accessible online BRELA services to customers and ensuring they will successfully deliver desirable results in a dynamic and fast changing technology driven market environment.

2.3.1 BRELA's Strategic Objectives

The Strategy sets out key objectives, strategies and action plans needed to deliver results, building on and taking into account the progress already made over the past few years in the area of business registration and licensing. The following are relevant areas and their objectives on BRELA's achieving the results set out in its 2016/2017- 2020/2021 Strategic Plan:

Table 2.2: BRELA's Relevant Strategic Objectives of the 2016/2017-2020/2021

Relevant Strategic Area	Objective(s)
Business registration	Business processes and systems Improved
	Time and quality of service delivery improved
Administrative	Public awareness enhanced
	Performance management systems improved

Source: 2016/2017- 2020/2021 BRELA's Strategic Plan

The above strategic objectives have been well articulated in the Plan. Those which cover the specific areas in business registration and licensing are paraphrased and put in details herein below.

(i) On improving Business processes and systems BRELA aimed at facilitating service delivery by June, 2018, by operationalizing and computerizing business registration and licensing processes to online registration systems by Janunary, 2017 by implementing online registration project.

(ii) Quality of service delivery improved:-

(a) The quality of service delivery, BRELA aimed at reviewing all pieces of legislation to accommodate changes in the business environment updated by June, 2020;

(b) The efficiency on quality of service delivery, BRELA aimed at receiving, processing, registering and granting, companies, businesses, patents and trademarks including issuing business and industrial licenses as from June, 2017 to June, 2021;

(c) The efficiency on quality of service delivery BRELA aimed at strengthening linkages with government actors and partners to facilitate smooth service delivery by June, 2021. Linkages with other government actors to be strengthened by June, 2018; and

(d) BRELA intended to enhance Public awareness by conducting outreach activities starting from July, 2016.
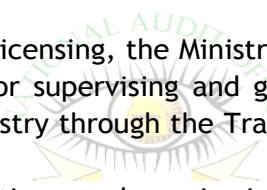
2.4 Statutory Mandate and Roles of Key Stakeholders on Business Registration and Licensing

The system for managing business Registration and Licensing involves various stakeholders such as the Ministry of Investment, Industry and Trade, Business Registration and Licensing Agency (BRELA), and other Ministries, Departments and Agencies such as Tanzania Revenue Authorities (TRA), the National Identification Authority (NIDA) and Compliances Authorities. Each actor/stakeholder plays a significant role to ensure the activity for business registration and licensing is functioning properly.

Below are detailed responsibilities of each of the above mentioned stakeholders:

2.4.1 Ministry of Investment, Industry and Trade

In Business Registration and Licensing, the Ministry of Investment, Industry and Trade is responsible for supervising and guiding the implementing Agency. Specifically, the Ministry through the Trade Division is responsible for:

i) Organizing, coordinating and reviewing industrial, business, marketing, small industries and small businesses;

ii) Monitoring and Evaluation (M&E) of performance in industry, business, marketing, small industries and small businesses and institutions that facilitate industrial and business development;

iii) Designing and developing programmes to develop industrial, business, marketing, small industries and small businesses and institutions that facilitate industrial and business development;

iv) Promoting and mobilizing domestic and foreign trade and improve access to business development services;

v) To administering law enforcement governing industries, markets and small industries; and

vi) Strengthening the effectiveness of the ministry's staff and its institutions.

2.4.2 Business Registration and Licensing Agency (BRELA)

The Business Registrations and Licensing Agency (BRELA) is an Executive Agency under the Ministry of Investment, Industry and Trade. It was established under the Government Executive Agencies Act No. 30 of 1997. Specifically BRELA is responsible to:

(a) Undertake the delivery of activities like Companies and Business name registration services, Trade and service mark registration, Granting of patents and issuing of industrial license;

(b) Create conducive environment for efficient and effective business management; and

(c) Improve the quality of the services provided by the department concerned.

The specific roles of BRELA include:

(a) To administer the companies and business names laws;

(b) To administer industrial licensing law;

(c) To administer industrial property laws;

(d) To encourage and facilitate local and foreign business investments; and

(e) To stimulate inventiveness, innovations and encourage creativity.

The enactment of Business Activities Registration Act (BARA) of 2007 has imposed an additional responsibility to BRELA – in respect of keeping and maintaining a Central Registry for record of registered business activities throughout Tanzania.

2.4.3 Sector Ministries, Departments and Agencies (MDAs)

MDAs are the users of services provided by BRELA. MDAs use license from BRELA as an input when requiring a specific license from either of the respective MDA. For example, if a person needs to undertake pharmacy business he/she needs to be registered by BRELA who issues a business license. The provided business license is used as a pre-requisite by the pharmacy council to issue their license. Below are detailed explanation for sector Ministries, Departments and Agencies:

(i) Tanzania Revenue Authority (TRA)

The Tanzania Revenue Authority (TRA) is a semi-autonomous Government Agency of the United Republic of Tanzania. It was established by the Tanzania Revenue Act, Cap. 339 in 1995 and started its operations on the 1st of July, 1996.

TRA is responsible for issuing Taxpayer Identification Number (TIN) which is used as one among the attachments when registering business at BRELA and Local Government. TIN is also used as an identification of an individual or company when paying taxes.

For businesses classified under schedule A, BRELA has connected the Online Registration System (ORS) with that of TRA, therefore, when the customer at BRELA undertakes registration of business or company, the ORS communicates automatically with TRA system and the TIN is issued.

In registering business classified under schedule B, the customer first need to go to TRA to seek for TIN. When issued with the TIN the customer is obliged to submit TIN to respective Local Government as an attachment when registering business at Local Government.

(ii) Other Compliance Authorities

When BRELA undertakes its responsibilities for registration and licensing of business it works in collaboration with other government authorities depending on the type of business an applicant applied for. These government authorities are responsible to certify if the applicant met all the compliance requirements.

For instance, if it is an application related to provision of security services, such applicant is obliged to have gone through compliance requirements at the Ministry of Home Affairs. If it's a business on pharmacy the Pharmacy Board would be responsible to certify that such an applicant has gone through its compliance requirements and is entitled to be issued with the business registration or license. Some of these compliance authorities are listed hereunder:

(a) Tanzania Bureau of Standards (TBS);

(b) Tanzania Medicine and Medical Devices Authority (TMDA);

(c) Pharmacy Council of Tanzania;

(d) Tanzania Tourist Board (TTB); and

(e) Tanzania Atomic Energy Commission (TAEC).

Figure 2.1: Stakeholders Involvement in Business Registration and Licensing
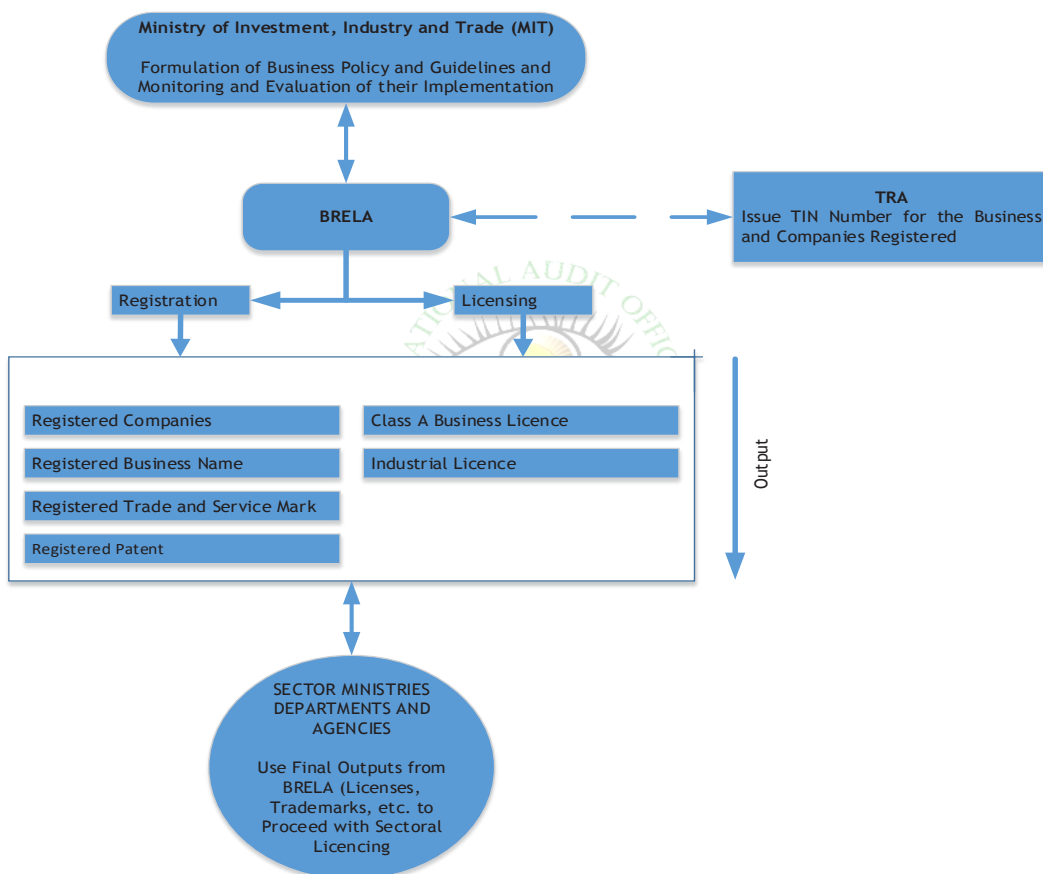
Source: *Auditors' Analysis, 2021*

2.5 Process Description for Registering Business and Issuing License

2.5.1 Registration and Licensing Processes at BRELA (Schedule "A" business)

(a) Application for Services

BRELA simplified its processes by automation and there is no need of having physical visit at BRELA premises because all applications are done online. Therefore, applicant/agent applies the service online (Online Registration System (ORS)) by filling in required particulars in the system that corresponds to the nature of intended business activity. After filling in the required particulars the application is cross-checked for validity of the information and submitted. After the submission of the application to the ORS, application number is generated automatically by the system.

(b) Payments for the Services

The applicant uses the generated application number for the payment. Applicant first selects the payment mode (Credit Card, Bank or Mobile payment), and enter payment transaction/reference number. If payment mode is "Credit Card" then the system link to Credit card payment gateway. For Bank or Mobile Payment, the applicant makes payments outside the system and thereafter enters the reference number from the pay slip or mobile transaction.

(c) Processing of the Application by Action Officer of Responsible Directorate

Action Officer process the application and validate them. At this stage, the application is examined and decision is made if the application complies with legal and administrative requirements. For example, if the registration is of trademark the decision could be absolute acceptance, conditional acceptance, and advertisement before acceptance that requires an agent/applicant to comply or submit proof of registration from abroad for reconsideration or refusal. Then the Action Officer writes a comment and sends it back to the applicant to provide further details and resubmit.

If the application is for Industrial License, then the application will be directed to the National Business Portal (NBP) in order to be processed. If the application is for Patent Rights, then the ORS system will direct the application to IPAS system. This system is an international system for patent rights and it is not owned by BRELA.

(d) Generation of Electronic Certificate

After the application is accepted and processed, and when the applicant has already paid the required fees as in accordance to the nature of activity the system automatically generates the certificate (If the activity requires certificate as the final output) or the system will respond to the applicant that the application was successfully submitted and processed.

Figure 2. 2: Process for Registering Business and Issuing License by BRELA

Online Systems

National Business Portal (NBP) Process and Issue Business Licences

- The System is Owned by BRELA

IPAS [Trade and Service Mark and Patent Applications are Processed by Different System (IPAS) not Owned by BRELA]

The Applicant may Apply for:

Business Licencing

Trade and Service Mark Registration

A New Patent

Company Registration

Industrial Licence

Business Name Registration

Applicant/Agent Apply for Service

Online Registration System (ORS) The Application is Received and Processed via this System

Processing the Application by the Responsible Directorate

The Responsible Directorate Process and Grant or Reject the Application

Generation of Electronic Certificate

Payment Gateway

Source: *Auditors' Analysis, 2021*

2.6   Resources for Business Registration and Licensing

2.6.1 Financial Arrangement for Business Registration and Licensing

BRELA plays a major role to ensure that it supervises all activities regarding business registration and licensing that falls under their mandate. In attaining these activities, BRELA has mainly two sources of income as shown in **Table 2.3.**

Table 2.3: Funds to Facilitate Implementation of Business Registration and Licensing Services

Financial Year	Planned	Collected	%Collected
2018/19	25,661,124,081	22,837,324,870	88
2019/20	19,619,822,000	14,624,066,641.43	74
2020/21	23,815,175,001	24,232,383,225.98	101

Source: *BRELA Medium Term Expenditure Framework of 2020/21) and Ministerial Advisory Board Minutes of 2018 and 2019*

Based on **Table 2.3**, it is indicated that BRELA's collection from different sources varies every year due to inadequate planning. It can be observed that amount planned to be collected were fluctuating from one year to another, an incidence that could affect the performance of the agency.

2.6.2 Allocated Human Resources at BRELA

As of July, 2020, BRELA has an established gap of human resources at its different Sections. It was noted that BRELA had 96 staff executing different activities while the requirement is 156. See **Table 2.4.** These staff are key to ensure smooth execution of planned activities at BRELA.

Table 2. 4: Allocated Human Resources at BRELA

Unit/Directorate	Required Number of Staff	Available Number of Staff	Gap
Chief Executive Office	1	1	-
Internal Audit Unit	4	2	2
Finance and Accounts Unit	11	9	2
Business Registry Unit	16	5	11
Public Relation Unit	13	8	5
ICT Unit	11	7	4
Procurement Management Unit	4	2	2
Companies and Business Name Department	32	21	11
Industrial Properties Department	17	10	7
Licensing Department	19	13	6
Business Support Department	28	18	10
Total	**156**	**96**	**60**

Source: BRELA's Staff Needs Analysis, 2021

Based on **Table2.4,** it is indicated that BRELA had a staff gap of 60% to undertake its core activities. More elaboration is explained on Chapter Three **Section 3.2.3** of this Report.

CHAPTER THREE

AUDIT FINDINGS

3.1 Introduction

This chapter presents audit findings regarding the Management of Business Registration and Licensing. The findings address three (3) specific audit objectives described in Section 1.3.1 of this report and are related to economy, efficiency and effectiveness of the Online Registration System and human resources at BRELA; Efficiency of the processes deployed by BRELA when registering and licensing businesses; and whether the Ministry of Investment, Industry and Trade and BRELA effectively monitor implementation of registration and licensing.

The detailed findings for each specific objective are presented in the subsequent sections:-

3.2 Inadequate Capacity of the Deployed Online Registration System and Staff to Handle Registration and Licensing Activities[8]

Section 4(2) b of the Executive Agencies Establishment Act [Cap. 245 RE 2002] requires BRELA to manage its affairs of business registration and licensing in a business-like and cost-effective manner and in accordance with modern management practices.

The Audit noted that the business registration and licensing activities were not done as per expectations. There were several shortcomings which were associated with inefficiency of the procured registration system.

For instance, review of ICT System Report[9] noted that the system was not functioning well for it needed several maintenance and re-design within a short period of time i.e. within and beyond warranty period. This resulted into an additional cost amounting to TZS 328.9 million that could have been used to serve other Agency's activities.

Subsequently, according to Section 2.2.3 (iii) of the ICT System Review ORS Report by e-GA and Section 2.3.4 para 2 of the minutes of the meeting

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[8] Company registration, Business name registration and Industrial and Business Licensing
[9] ICT System Review ORS Report by e-GA, 2019 and Enhancing ORS Assessment Report by NIDC, 2020.

between BRELA and the Vendor held on 14th November, 2018 it was noted that BRELA did not have enough and competent ICT and other staff to handle different activities during business registration and licensing processes.

Due to this, the system was mostly run by Vendors. Despite the fact that the Online Registration System (ORS) contract required BRELA's IT officials to be trained immediately before system commissioning, it was noted that, the training was insufficiently done to meet the target. Also when trainings were done the Agency did not have in place training need analysis. Moreover, it was noted that BRELA had low absorption ratio of funds for training activities. Detailed observation on each aspect is as stipulated hereunder:-

3.2.1 BRELA Deployed Inefficient System for Online Business Registration

Business Process Re-engineering Report required BRELA to automate its business processes that were on a manual-semi automated mode. The essence was to improve the environment and the staff approach to service delivery which faced a number of challenges such as poor service delivery, lack of commitment to agreed timeframes for processing files and issuance of certificates.

Despite this anticipation, the outcomes were noted to be different because the procured ORS could not handle the intended tasks comprehensively. The reviewed correspondence files and analysis made from application information extracted from the ORS indicated that the procured ORS did not adequately provide the intended results.

According to Section 1.6.1.2 of the ICT System Review Report by e-GA, it was noted there were system/application misbehavior that caused errors and data anomalies in the system. It was further noted that the application modules were not properly implemented in the systems hence hindering the users to accomplish their activities efficiently. Also, Section 2.1.1 (iii) of the report stated that the system was not operating according to the business processes due to incomplete requirements. These were partly because ICT staff were not effectively involved during system development. The involvement of ICT staff were done mainly through the video

conference which was not enough for the staff to provide their views and inputs during system development and evaluation. Involvement of ICT official during system development would have helped the agency to have officers who would have been conversant with the system from the beginning. Instead, the contract required the ICT officials to be trained on the use and maintenance of the system, the activity which was also not performed properly as detailed in Section 3.2.3 (ii) of this report.

It was further noted that, BRELA lacked skills in project management and Vendor relationship management that would have helped to monitor the Vendor so as to ensure the execution of all agreed aspects. For instance, it was noted that the system was developed in Europe while the BRELA's Project Manager was situated at BRELA's HQ and therefore in case of any enquiry the Project Manager was supposed to communicate with the Vendor via Skype meeting and Redmine Application despite the fact that during negotiation it was agreed to avoid the use of video conferencing or online technologies for the purpose of the requirement gathering or clarifications because BRELA's negotiation team felt that those methods were practically not effective[10].

As the result, the Vendor developed the system with inefficiencies in its functioning. This was captured by the reviewed System Assessment Reports from electronic Government Authority (e-GA) and National Internet Data Center (NIDC). The reports established the following inefficiencies of the ORS as shown in **Table 3.1** below:-

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[10] ORS-Main Contract Sect 2.4.2 (a)

Table 3. 1: General Comments Issued by e-GA and NIDC after System Assessment

Date of System Assessment	Entity	General Comment Made on the ORS	Auditors' Comments
12th September, 2019	e-GA	Control for Modification of information in the system as well as segregation of duties were inadequately implemented. There were weaknesses in ORS project and Vendor Management. As the result, the system was producing errors to users frequently and produced inaccurate reports.	The noted inefficiency were still observed during the audit. The system could not assign task to officers. As a result, the action officer deliberately chose the tasks to start with. This resulted in the queue of 86,000 applications that remained unattended up to the time of this audit.
3rd February, 2020	NIDC	Due to poor configuration of Message Queue and its criticality in workflow-design of the system, the overall performance of the system was very poor.	To the time of this audit the system performance was still inadequate. Sometimes the system was out of reach and sometimes the system mixed applications and gave some restricted privileges to customers (e.g. there was a scenario where a customer was given the privilege to approve application; also there was a scenario where the Action Officer was given the privilege to edit applicant's information.

Source: *Auditors' Analysis of System Assessment Reports from e-GA and NIDC of 2019 and 2020 respectively, 2021*

From **Table 3.1,** it can be noted that, the assessment conducted by e-GA and NIDC uncovered inefficiencies of the ORS system with regards to control for modification of information in the system and configuration of message queue. It is further indicated that, the same inefficiencies were noted by

Auditors during this audit. Other noted inefficiencies of procured ORS are further stipulated below:

(a) A Total of 86,000 Submitted Applications were not Attended due to Failure of the System

The analysis made based on data extracted from the ORS indicated that as at 3rd October, 2021, BRELA had received a total of 281,000 applications for registration and licensing of various services. It was noted that 86,000 applications, equivalent to 32% were not yet attended by BRELA during a three years period, from 2018/19 to 2020/21. The detailed analysis is as indicated in **Figure 3.1**.

Figure 3. 1: Analysis of Applications not Attended and Percentage Increase
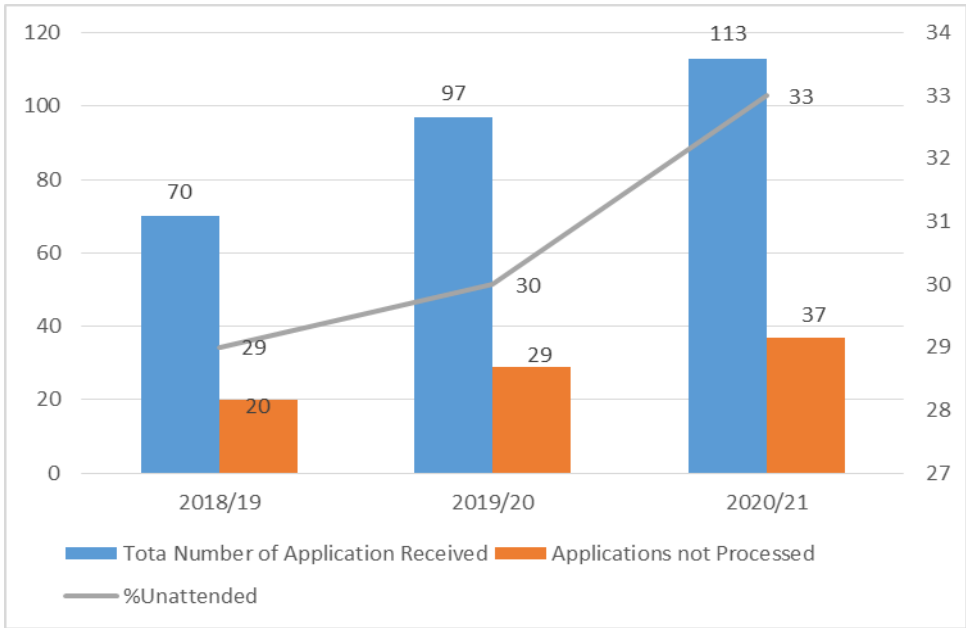
Source: *Auditors' Analysis using Data extracted from ORS, 2021*

Base on **Figure 3.1**, it is deduced that, the number of applications attended in three Financial Years, were equivalent to 29% of all applications received for 2018/19, 30% for all applications received in 2019/20 and 33% of all applications received in 2020/21. In this regard there was a gradual increase

in percentage of unattended applications when the total number of applications increased in each financial year.

This implies that the system and staff lack capacity to handle the increased applications. The increase in the number of unattended applications negatively affected the intentions of enhancing automation and easiness of registering businesses in the country.

Interviewed officials and reviewed reports (Internal Audit Reports and ORS Final Report)[11] pointed that presence of unattended applications were mainly caused by failure of the system to assign tasks to officers. Also, the system could not enforce the adherence to first in first out principle. As a result, the action officer discretely chose the application to start with. Eventually the practice ended up with a backlog of unattended applications which frustrates the concept of having an online registration system which was designed to timely respond to every application made.

Consequently, the observed practice of deliberately selecting an application to start with, may open up other loopholes and misconducts like corruption and nepotism which could tarnish the Agency's image to the society.

On the other hand, reviewed ORS indicated that there were a number of applications that were made but the applied services were not completed despite being paid for. Reviewed ORS indicated that, failure of the system while the payment was done was among the factors that contributed to the observed shortcomings.

As the result, the agency collected revenues of TZS 1,569,834,330 from the customers for service that were never provided to all respective customers. **Table 3.2** below indicates amount paid with respective activities in every Financial Year.

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[11] Internal Audit Report 3rd Quarter, 2019/20 and ORS Final Report, 2021

Table 3. 2: Service Applications not Attended while Payments for Respective Services were Received

Financial Year	Service Paid for	Number of Un attended Applications	Total Amount Paid in TZS
2018/19	Company name reservation	3	150,000
	Data update of an existing business name	26	130,000
	Filing of annual return (accounts) / Update	3	110,000
	Filing of other documents about trade / service	23	1,060,000
	Payment of annual maintenance fee	2	10,000
	New application for registration of trade / service	4	260,000
	Payment of annual maintenance fee	171	1,740,000
	Registration of a new company	11	3,534,800
	Registration of new business name	29	405,000
	Request for a custom search result	11,967	234,826,000
	Request for a standard search result	7,107	126,250,000
	Sub Total 1	**19,346**	**368,475,800**
2019/20	Change of particulars of business name	15	120,000
	Company name reservation	5	250,000
	Data update of an existing business name	115	685,000
	Filing of annual return (accounts) / Update	20	604,000
	Filing of other documents about trade / service ma	15	501,000
	Issuance of new certificate / license	1	800,000

Financial Year	Service Paid for	Number of Un attended Applications	Total Amount Paid in TZS
	Payment of annual maintenance fee	2	25,000
	New application for registration of trade / service	12	750,000
	Payment of annual maintenance fee	281	3,520,000
	Registration of a new company	22	6,624,800
	Registration of new business name	235	2,115,000
	Request for a custom search result	10,534	201,026,000
	Request for a standard search result	17,650	325,666,000
	Registration of new business name	11	90,000
	Registration of new company	1	247,200
	Sub Total 2	**28,919**	**543,024,000**
2020/21	Change of particulars of business name	38	275,000
	Company name reservation	2	10,000
	Data update of an existing business name	232	1,490,000
	Filing of annual return (accounts) / Update	11	382,000
	Filing of other documents about patent / utility m	3	36,500
	Filing of other documents about trade / service ma	90	3,597,000
	Payment of annual maintenance fee	1	30
	New application for registration of trade / service	2	130,000
	Payment of annual maintenance fee	200	2,910,000
	Registration of a new company	7	1,735,000
	Registration of new business name	442	3,240,000

Financial Year	Service Paid for	Number of Un attended Applicatio ns	Total Amount Paid in TZS
	Request for a custom search result	9,614	173,837,000
	Request for a standard search result	26,035	470,532,000
	Data update of an new business name	1	10,000
	Registration of new business name	17	150,000
	Sub Total 3	**36,695**	**658,334,530**
Grand Total		**84,960**	**1,569,834,330**

Source: Data Extracted from ORS, 2021

Table 3.2, indicates that amount of revenues collected for services not provided increased from TZS 368 million in 2018/19 to TZS 1.57 Billion in 2020/21. **Table 3.2** further indicates that most activities related to custom and standard search had many applications in every year that were paid for but applied services were not provided to the customers.

For instance, in 2018/19 there were 11,967 applications for custom search and 7,107 for standard search that were not attended. In 2019/20 the unattended applications were 17,650 and 10,534 for standard and custom searches respectively. Also, in 2020/21, there were 26,035 for standard and 9,614 for custom searches not attended. The total number of unattended applications that were paid for was 84,960.

(b) Absence of Help Desk Module to Provide Guidance and Troubleshoot Problems Related to Functioning of ORS

The ORS Vendor did not develop a Help Desk Management System contrary to Section 10.1 of the TOR (Category B: Back Office Systems) for the signed contract. The purpose of a help desk was usually to troubleshoot problems or provide guidance about products such as computers, electronic equipment, or software[12].

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[12] ORS-Design Report

Reviewed reports such as ORS design Report, Inception Report and Contract and Final Completion Report indicated that the ORS Vendor was required to develop a help desk module which included IT Helpdesk, HR Helpdesk, Admin Helpdesk, Vehicle Requisition, Guest House Booking and Asset Booking.

However, reviewed Inception Report and Final Completion Report indicated that, the Vendor proposed to install an application known as "*Redmine*" as a substitute for help desk sub-system. The Vendor proposed to install Redmine which could be customized to suffice the requirements of Help Desk. However, the Vendor did not customize Redmine software (a free and open source, web-based project management and issue tracking tool) to suit the requirement of Help Desk. Consequently. It was noted that software was only used to report incidents of system misbehaviors during the ORS construction which is contrary to help desk that would have served many purposes as indicated in the paragraph above.

On the other hand, it was noted that, the installed Redmine being a web based application and an open source Software[13] might cause two major risks which are (a) infringement risk (where Open Source Users receive no protection) and (b) contract and license restriction risks.

It was further noted that, the customized Redmine Software was only used during ORS development stage and its warranty period because its installation was hosted at the Vendor's system, and therefore BRELA was supposed to report noted incidences to Vendor for support. Based on that, after the end of warranty period, the Redmine software was no longer in place which resulted to the failure for the system users to report the incidence via Redmine.

Interviewed IT officials indicated that, because of this BRELA's management took initiatives to develop their own helpdesk that would solve the reported problems during application processes. Upon the review of the extract from the helpdesk system presented to Auditors, it was noted that, the help desk did not meet the helpdesk requirements. The helpdesk lacked ticket numbers for every reported problem, and could not assign the reported

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[13] It's a free application, you just needed to customize it as per your need

problem to the technical personnel. Moreover, it could not track the progress of the reported problem.

Based on a review of the database submitted, it was noted that some of reported application problems, had no descriptions despite the fact that BRELA indicated the status of problem to have been solved. In addition to that, the application numbers indicated were found to be the tracking numbers of the customers which is contrary to the requirement of helpdesk **(**Caption **3.1 below)**

Caption 3.1: Incidence Report Extract Showing Reported Problem to BRELA's Helpdesk

	A	B	C	D	E	F	G
1				HELPDESK INCIDENCE REPORT			
2							
3	APPLICATION NUMBER	PHONE NUMBER	EMAIL	MODIFIED DATE	REPORTED DATE	DESCRIPTION	STATUS
4	G210810-2472	717932981		2021-08-26 08:57:16.604602	2021-08-26 08:57:16.604602		
299	g200515-1988	716707976		2020-06-09 10:30:34.621302	2020-06-09 10:30:34.622305		Processed
300	G200415-3079	754786066		2020-06-09 08:51:21.393805	2020-06-09 08:51:21.393805		Processed
301	g200517-2461	755824169		2020-06-09 08:46:12.670337	2020-06-09 08:46:12.670337		Processed
302	g200608-8068	712135209		2020-06-09 08:41:31.028013	2020-06-09 08:41:31.028013		Processed
303	G200414-1930	682611248		2020-06-09 07:41:39.415806	2020-06-09 07:41:39.415806		Processed
304	g200520-4952	718693121		2020-06-09 07:37:13.772618	2020-06-09 07:37:13.772618		Processed
305	G200415-3079	754786066		2020-06-09 07:25:44.538175	2020-06-09 07:25:44.538175		Processed
306	g200608-8517	662400400		2020-06-09 07:04:14.102344	2020-06-09 07:04:14.102344		Processed
307	g200605-6990	..		2020-06-08 13:06:46.966734	2020-06-08 13:06:46.966734	not in my list	Processed
308	G200529-0991	658500542		2020-06-08 11:59:00.565385	2020-06-08 11:59:00.565385		Processed
309	g200515-1989	6918285603		2020-06-09 10:30:34.621302	2020-06-09 10:30:34.622305		Processed
310	G200415-3080	6856253443		2020-06-09 08:51:21.393805	2020-06-09 08:51:21.393805		Processed
311	g200517-2462	6794221284		2020-06-09 08:46:12.670337	2020-06-09 08:46:12.670337		Processed
312	g200608-8069	6732189125		2020-06-09 08:41:31.028013	2020-06-09 08:41:31.028013		Processed
313	G200605-6461	765806489		2020-06-08 09:19:25.047254	2020-06-08 09:19:25.047254	Not in My List.	Processed

Source: BRELA's helpdesk, 2021

Based on **Caption 3.1**, it is shown that the displayed help desk developed by BRELA did not meet the help desk requirements as explained above. It was further noted that, the customers, in case of any inquiry were communicating directly with customer care unit and not helpdesk unit.

Inadequate development of the help desk has also caused failure of the helpdesk administrator to track the progress of the reported incidences and this can lead to queue of unattended incidences. As a result, the system becomes inefficient and not robust to users. To be more specific, inadequate help desk might lead to the following:

  (i)   Delayed or unattended users queries and could lead to complaints from the clients and public in general; and thus impacting BRELA business performance;
 (ii)   Inconveniences to regional users/customers from upcountry that could lead them making unnecessary travel to BRELA HQ to follow up on their unattended issues;
(iii)   Difficulties to track and follow up on the status of reported issues; and
(iv)   Difficulties to quantify the load or demand on ICT team that hinders the overall performance of the department because of failure to track issues.

Despite these inefficiencies, there were no actions put forth to the ORS Vendor for the failure to develop helpdesk. There was no evidence indicating withholding of the payments to the Vendor after this inadequacy. This was mainly caused by inadequate contract management by BRELA management team which made them fail to prepare and confirm a checklist of requirements stipulated in TOR versus the actual items developed by the Vendor to see if they conformed to what was agreed.

(c)   The System Sent Notification to the Applicant Via Emails Only

After application was made by the customer, the customer was required to receive notifications via emails and Short Message Service (SMS). However, it was noted that the system sent notifications to the applicants via emails only which is contrary to the requirement of Inception Report. Due to this, it was noted that customers could not act timely on the comments raised on their applications because most of customers have no emails and for those with emails it was noted that most of them were not frequent mail users which resulted in the delay in processing/finalizing applications.

Reviewed Letter with Ref. No BRELA/RC/OS/286/33 dated 22nd March, 2018 indicated that SMS notifications in the ORS was among the pending issues

that was to be activated by the Vendor but it had never been activated. Interviewed officials from BRELA indicated that, BRELA communicated with the Vendor regarding this issue but he denied the task and considered it as a new assignment and wanted BRELA to prepare an amendment to the contract for integration with Government SMS Gateway.

Despite of the Vendor's response of regarding it as an additional work, BRELA failed to ensure the Vendor fulfilled the obligation since it was agreed in the Inception Report. Reviewed ORS Contract indicated that this was contrary to item No. 145 of the Response by the Contractor for Specifications for Technical Compliance (Workflow Requirements). It was noted that the SMS notification was a mandatory item and the Vendor was supposed to fulfill it.

Notwithstanding the fact that sending notifications to the applicants via both email and SMS was agreed in the Contract and the Inception Report, BRELA management did not act on the matter before or during the project's handing over period.

(d) BRELA's Systems Operate only in Primary Site and have no Hot Recovery Site

A system infrastructure is supposed to have at least two sites namely the primary and secondary recovery hot site that would help the system to function well and act as a backup during disaster or maintenance (BRELA's ICT Policy). This means business continuity would be guaranteed even when there is a disaster or breakdown.

Reviewed Minutes of the Meeting between BRELA and NIDC[14] indicated that, at the time of the audit, BRELA was operating with primary site only and it did not put into operation the secondary recovery hot site. It was reported that, there were a disaster recovery site that was not a hot site (i.e. secondary site) acting as a backup; and this was attributed by the fact that BRELA's ICT officials lacked technicalities to make the present Data Recovery Site act as a hot site.

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[14] Meeting Minutes between BRELA and NIDC dated 24th March, 2021 and Letter from NIDC to BRELA with Ref.No.21/NIDC/MNG.04/06

Reviewed Correspondence Letter with Reference No.21/NIDC/MNG.04/06 dated 24th March, 2021 and physical observation of the ORS servers further indicated that, BRELA started the processes of engaging e-GA and NIDC in different times to see if they can construct Data Recovery Site to act as a hot site. However, due to un-reliability of the ORS both e-GA and NIDC rejected the work by advising BRELA to consult the ORS Vendor to attend the task.

Further assessment of the ORS and found that, servers, storage, firewalls and switches did not have valid warrant or supporting contract from the Vendor; core system (ORS) did not have the valid support contract from the vendor; and the current used site was the only site that could have provided services to clients and stakeholders nationwide at full capacity and on real time.

Not using Secondary Recovery Hot Site as a Disaster Recovery Site subjects BRELA's system into great risk of losing data in case the system is under attack or experiencing outage of service. This is because Secondary Recovery Hot Site is used as a back- up and also used to take over in case the primary site is under malicious attack or under maintenance.

It was further noted that, on 17th October, 2019 the BRELAs system was attacked by ransom ware whereby some of BRELA's files were affected. This caused outage of services for three days with data loss. It was noted that all these happened because of not having Disaster Recovery Site which would not have switched off during system maintenance activities and it would not have lost data just because of ransomware attacks.

For instance, reviewed letter with reference number BRELA/C/MIT/2/83 from BRELA to the Ministry of Investment, Industry and Trade dated 13th January, 2020, indicated the impact of not using the secondary recovery site. It was noted that, on 29th October, 2021, BRELA switched off its system for three (3) days so as to undertake system maintenance and data backups. Due to this customers could not access the ORS. This implies that, BRELA denied the system availability to customer for three days.

Reviewed BRELA's ORS Migration Survey Report[15] indicated that the use of primary site only were mainly caused by inadequate competence of ICT staff who acknowledged that they could not take control of running secondary recovery site in the absence of the Vendor. This was because BRELA's management failed to ensure the development of Disaster Recovery Site was done as part of the contract for developing the ORS to distribute risk to both parties.

In addition to that, review of BRELA's Systems Migration Assessment Report indicated that, the Disaster Recovery infrastructure (Secondary Site) that was developed during the ORS project did not include installation of servers to support the backup of SAPERION, EPICOR, RIMS (V1 and V2), and IPAS systems which are critical systems for the functioning of BRELA and ORS in particular. As a result, BRELA can't use the Disaster Recovery Site for backing up SAPERION, EPICOR, RIMS (V1 and V2), and IPAS as a hot site when crisis happens.

This was communicated to the ORS Vendor, but there was no common agreement reached to solve the problem. This was because BRELA sent a short notice to the ORS Vendor asking for a proposal to shift the ORS Primary Site infrastructure; from Ushirika Building to the National Internet Data Center.

According to the reviewed BRELA's ORS Migration Survey Reports[16], it was noted that BRELA sent the request for proposal to the Vendor on 31st May, 2019. Eventually the Vendor sent a proposal on 14th June, 2019. Further, BRELA insisted that the Vendor had to accomplish the tasks before 30th June, 2019 so that the funds set aside could not be returned to the Treasury.

On the other hand, physical inspection of BRELA's primary site, found that the server room was not a conducive environment, for the safety of equipment stored in it. The server racks were not raised above the floor, which could make them easily exposed to dampness or moisture. Moreover, the server room had many other irrelevant luggage stacked in it contrary to

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[15]BRELA'S ORS Migration Survey Report by NIDC, 2019; BRELA Systems Migration Assessment and Recommendation Report by e-GA, 2019; and ICT Systems Review ORS Draft Report by e-GA, 2019

[16] Services for Transfer of ORS Servers from BRELA to Government Data Centre, 2019; and emails from BRELA officials to the ORS Vendor

server room requirements that needed server room to be ventilated for ease of air circulation, and with air conditioning **(See Photo 3.1 (a) and (b))**.

Photos 3.1 (a) and (b): *Servers in a server room (Primary Site) stacked together with other irrelevant luggage contrary to server room requirements. Photo taken by Auditors on 29th October, 2021*

Because of this, according to interviews held with BRELA's officials, BRELA was planning to shift the ORS primary site from Ushirika House to NIDC, a place designated by government to store government systems. This activity was not implemented. As stated above, BRELA had undertaken several conversations with the ORS Vendor, NIDC and e-GA on the matter since April, 2019, but nothing has been done to the time of this Audit which marked a delay of more than two (2) years.

Further, according to the reviewed Minutes of the meeting between BRELA and NIDC[17], the government agencies which were approached (e-GA and NIDC) to shift the BRELA's system declined because the system had neither valid warranty nor support contract from the vendor. This left the BRELA's system exposed to a great risk incase anything happens that would cause a severe service outage nationwide.

3.2.2 Additional Costs Incurred During and After Introduction of the ORS

The Executive Agency Establishment Act requires BRELA to manage its affairs in a cost-effective manner[18].

Review of project budget and ORS Contract Addendum showed that, a total of TZS 328,930,580.26 was used by BRELA as an extra cost for system re-designing, training and commissioning as presented in **Table 3.3**.

Table 3. 3: Additional Costs during and After the Introduction of Online Registration System

Activities	Original Budget (TZS)	Additional Cost (TZS)	Percentage (%)
ORS Development Cost	2,849,742,153.3	257,000,000	9
ORS Training	113,612,870	53,879,767.47	47
Commissioning and Launching	1,430,449,657	18,050,812.79	1
Total	**4,393,804,680.3**	**328,930,580.26**	**7**

Source: *ORS documentation such as Contract, Training Addendum*

Table 3.3 indicates a total of TZS 328,930,580.26 Million which was additional costs during and after the introduction of online registration system. This amount was equivalent to 7% of the total budget for installation and operationalization of ORS system. The additional cost on ORS development was TZS 257,000,000 on top of the originally agreed budget.

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[17] Minutes of the meeting between BRELA and NIDC held on 12th April, 2019; and Minutes of the meeting between BRELA and e-GA held on 15th April, 2019
[18] Section 4(2) b of the Executive Agencies Act [Cap. 245 RE 2002]

Based on the review of the procurement files, additional costs on this item were a result of system re-engineering after inefficient operation of the initially developed ORS system. The detailed explanation and cost of each aspect is as shown hereunder:

(i) Additional Cost of USD 23,712 (TZS 53,879,767.47) for ICT Staff Training on ORS

Review of payment invoice, acceptance for training document and the ICT training contract revealed that BRELA entered a contract number AE/010/2015/16/HQ/G/02/003 with the Vendor costing USD 23,712 equivalent to TZS 53,879,767.47[19] for training BRELA ORS ICT staff. The training aimed to equip the staff with knowledge of tools, software and configuration used to modify ORS source code to fix bugs reported by ORS users or to add/modify functionality in the ORS.

However, it was noted that the technical training for ORS was part of the main contract number between BRELA and the Vendor for System Design, Development, Configuration, Supply and Commissioning of Software and Hardware.

This was verified by reviewed correspondences between BRELA and the Vendor representative which indicated that, training item was covered in the main ORS contract and it had a cost price of USD 50,000. Therefore, there was no need of having additional contract for training which costs USD 23,712 (TZS 54 Million). It was further shown that previous training was not adequately executed because training did not include how to undertake system maintenance. Instead, it was a hands on training on how to use the system. It was noted that, users were the ones in need of this kind of training as they were dealing directly with business registration and licensing activities.

According to Section 2.3.1 of the ICT Systems Review Report done by e-GA this was noted to be caused by inadequate supervision of the Vendor while implementing contractual obligations.

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[19] Bank of Tanzania Exchange Rates on 5th February, 2019 applied

(ii) Additional Cost of USD 7,944 (TZS 18,050,812.79) when Commissioning and Launching the ORS

Review of Work Order Number 1 for the additional services extending the scope of the ORS contract indicated that, there were additional costs for ORS launching although such activity had been charged in ORS-Main Contract. Reviewed main contract price schedule number 1(3.1) indicated that the Vendor was required to launch the developed system in agreed platform with total amount of USD 629,528.

The Work Order was issued to request the Vendor's representative to stay at BRELA during launching of the system to facilitate transition, adoption of new process of online registration, monitor, identify and coordinate resolution of problems with BRELA and the Vendor team, and advice on any relevant actions.

It was noted that, the cost for the services was USD 900 per day for full time assistance for five days; USD 2,650 reimbursable; and USD 794 withholding tax which adds up to USD 7,944, which is equivalent to TZS 18 Million.

The audit noted that, this additional cost could have been avoided if BRELA technical staff were engaged during the development of the ORS because they could r the advantage of knowledge transfer to run this project.

(iii) TZS 257,000,000 Used for ORS Re-design

It was further noted that due to prolonged system inefficiencies as explained in Section 3.1.1, BRELA decided to re-design the system a year after the end of warranty period to improve its performance and make it user friendly. To facilitate this activity the Agency spent TZS 257 million as the cost of re-designing the system.

According to System Review Report from NIDC, it was indicated that, despite of the cost incurred, the re-designing activity was not completed and commissioned for BRELA to use up to the time of this audit. The report further indicated that the activity of system re-designing was supposed to start on 17th December, 2019 to 29th June, 2020 which is six months. Despite this schedule, it was noted that, at the time of this audit the activity had already taken 21 months and it was yet to be completed. According to User

Assessment Report from NIDC, only one module was completed and when brought for User Acceptance Test (UAT) the performance was very poor.

Review of email correspondences sent to Vendor[20] also indicated that this delay was caused by inadequate selection of the Vendor to re-design the system because NIDC was observed to be incompetent in this specific area and there was a risk of coming with the system which is poorly functioning when compared to the first one. Despite this delay no measures were taken by BRELA.

3.2.3 Weaknesses Noted on Staffing to Undertake Business Registration and Licensing Activities

The five years strategic plan for financial years 2016/17 to 2020/21 required BRELA to improve the competency of its staff so as to achieve the Agency's objectives. Also, the National ICT Policy of 2016 requires the human capital development on the aspect of ICT to ensure the presence of ICT professional recognition and development framework[21].

Reviewed Internal Audit Report of 2020[22] and interviews held with Human Resource officials indicated that BRELA had no human resource plan, Job-listing and human resource succession plan. Also, BRELA had the deficit of 34.4% of staff required to undertake different activities. On the other hand, the review of Medium Term Expenditure Framework (MTEF) for 2018/19-2020/21 noted that, BRELA did some efforts to capacitate available staff. However, further review indicated that the absorption rate of funds disbursed for training were minimal.

The detailed explanation of each observation made is provided in subsequent sub-section:

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[20] Email correspondence sent to ORS Vendor on 31st May, 2019
[21] Section 3.1.2.2 of the National ICT Policy, 2016
[22] Internal Audit Report, April - June, 2020

(i) Absence of Human Resource Plan, Job Listing and Succession Plan at BRELA

Best practices require organizations to develop human resource plan in line with its Strategic Plan. The main objective of having human resource plan in the organization, is to have an accurate number of employees with required skills to accomplish organizational goals.

Interviews held with Human Resource officials from BRELA, noted that there was no human resource plan developed in line with the Strategic Plan; there were no formulated human resource strategies to support the implementation of the 2016/2017-2020/2021 strategic objectives and targets. In addition, Job list was not in place.[23]

It was further noted that absence of human resource plan to align with strategic plan was caused by unpreparedness of responsible officials to see the need of having the plan to match with Agency targets[24].

The human resource plan would save to indicate the segregation of duties between individuals in accordance to job listing. For example, reviewed ICT System Report[25] at ICT Section, showed there were no segregation of duties between system developer, system administrator and end users. As a result, end users performed duties of system administrator and vice versa.

Furthermore, the review of Internal Audit Report (April – June, 2020) noted that, absence of human resource planning impacted the number of human resources required to execute BRELA's core activities. It was further stated that BRELA could not optimize the use of personnel and link staffing needs with the organization's strategic objectives and targets.

According to BRELA's Staff Needs Assessment, the agency lacked 45 key staff which is equivalent to 34.4% of the staff required for the Companies and Business name Section. These staff were required to perform registration and licensing activities. **Table 3.4** provides more details.

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[23] Internal Audit Reports January - March, 2020
[24] IBID
[25] Section 2.2.2 of the ICT Systems Review ORS Draft Report by e-GA, 2019

Table 3.4: Analysis of Staff Requirements to Execute Different BRELA's Functions

Unit/Directorate	Required	Available	Gap	Gap (%)
Finance and Accounts Unit	11	9	2	18
Public Relation Unit	13	8	5	38
ICT Unit	11	7	4	36
Companies and Business Name Department	32	21	11	34
Industrial Properties Department	17	10	7	41
Licensing Department	19	13	6	32
Business Support Department	28	18	10	36

Source: BRELA's Staff Needs Assessment

Based on **Table 3.4,** BRELA had insufficient number of staff to perform different registration and licensing activities. As indicated, the Department of Industrial Properties had a huge staff deficiency of 41% whereas the Finance and Account Unit was 18% understaffed.

Insufficient human resource had an impact on daily implementation of Agency's activities because, applications submitted by customers would have been distributed and acted upon timely by the officers and reduce the backlog of unattended applications. This deficiency might lead an organization not to achieve its objectives in a timely manner as the number of human resources has a direct link with the output.

Review of Internal Audit report of June, 2020 and interviews held with HR Officials noted that, BRELA lacked succession plan in its operations that could identify, select and develop staff that would fill positions which fall vacant due to reasons such as resignation, retirement, death or dismissal.

Review of Internal Audit Reports of September, 2018 and that of June, 2020[26] indicated that, absence of Succession Plan was likely caused by lack of risk management and control processes. This is contrary to BRELA's risk management framework which required the Agency to ensure that; risks are identified, analyzed, evaluated, treated, monitored and reviewed. It also requires the likelihood and consequences of risks to be reduced to match the Agency's risk appetite.

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[26] Internal Audit Reports, July – September, 2018; and April – June, 2020

(ii) Training Activities were not Adequately Conducted

For Training to be successful it should follow four major steps namely: (i) carrying out a training need analysis (TNA) (ii) Developing a training development plan and budget, (iii) implementing the training plan and (iv) monitoring and evaluating of training and development activities.

Reviewed Medium Term Expenditure Framework for 2018/19 to 2020/21 indicated that BRELA set aside a total of TZS 769 Million for three years to cover different trainings to its staff. However, it managed to spend only TZS 143 Million, which is equivalent to 19% of the allocated funds as indicated in **Table 3.5.**

Table 3.5: Training Activities are not Satisfactory Implemented as such Funds Remain Idle.

Financial Year	Amount Set aside for Training (TZS Million)	Amount Used for Training (TZS)	Amount not Used (TZS)	% Not Used
2018/19	205,200,000	205,200,000	149,158,000	73
2019/20	317,300,000	317,300,000	268,683,416	85
2020/21	246,390,000	246,390,000	207,885,000	84
Total				81

Source: MTEF, 2018/19-2020/21

Based on **Table 3.5,** it can be seen that, BRELA did not utilize all of its funds budgeted for training activities. In total, for the three financial years, BRELA did not utilize 81% of its funds budgeted for training activities.

Review of Internal Audit Report[27] indicated that BRELA did not utilize all funds budgeted for training due to the fact that BRELA planned for training in each year without having Training Needs Assessment to show number of staff to be training and period. Further, the officials stated that the trainings conducted were those requested by staff after identifying their gaps which resulted a need for training.

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[27] Internal Audit Report, January – March, 2020

Further review of Internal Audit Report of March, 2020 noted that, the unutilized training funds remained idle and were returned to Treasury account at the end of each financial year.

In respect to ORS training, the review of Inception and Completion Report of 2018 indicated that, number of days previously set to train ICT officials were unjustifiably reduced by ORS Vendor from 40 days as indicated in the Inception Report to seven days. This is a reduction of 33 days (See **Table 3.6**).

Table 3.6: Comparison of the Number of Days for the Training in Inception Project Completion Reports

Training category	Descriptions of Training Contents	Number of Days for Training		
		Planned In ORS Inception Report	Actual in the Completion Report	Deviation
Hands on hardware deployment, installations and configuration	Hardware deployment, operating systems, network installations and configurations	5	1	4
Cyber Security Trainings	Cyber security training, frameworks and tools	5	1	4
Applications installations and management	Hands on training on application, installation, management	5	1	4
Technical Operation training	Training and procedure preparation on how to operate the system after it has gone live	5	1	4
Hands on training for programmer	Programmers will have chance to participate and work on tools as well as development and testing environment for the system	20	3	17
Total		40	7	33

Source: *Auditors' Analysis of ORS Project Completion Report of 2018*

Table 3.6 indicate that Vendor conducted only one day for the training activity planned for five days and three days for the training activity planned for 20 days. Review of meeting minutes between representatives from BRELA and the Vendor dated 14th November, 2018 indicated that, the training that was provided during the execution of the contract was not sufficient because staff were not able to manage the developed ORS. However, the Vendor responded that, the reason he conducted the training for five days instead of 20 days was that, BRELA had a small ICT team which were too stretched during the execution of the contract. The same ICT staff were required to attend trainings, provide regular technical support to the agency, administrative and technical support of the ORS project.

On the other hand, BRELA remained silent on the changes during execution of the contract; and yet the Vendor was paid a total of USD 50,000 training cost as per contract despite this reduction in man-days.

According to Section 2.3.1 of the ICT Systems Review ORS Report, this under delivery was caused by inadequate supervision of the contract to ensure Vendor fulfilled the contractual obligations. When BRELA's officials were further interviewed, they indicated to have a gap in contract management skills.

Review of meeting minutes between representatives from BRELA and the Vendor dated 14th November, 2018 further noted another factor for not achieving training goals. This was the tendency of Vendor's engineers and software developers to focus much more on meeting set deadline for completing the project, that they had no time to train BRELA technical personnel. As a result, they did not spend much of their time in conducting training.

The impact of reduction of number of days planned for training was manifested in the over-dependency of ICT staff on the Vendor for solving most of the issues that could have been solved if they were sufficiently trained.

Furthermore, the audit noted that BRELA had no Training Needs Assessment (TNA) which is key to determine performance requirements, the knowledge, abilities and skills that their employees needed to facilitate implementation of their daily work. Interviews held with officials from Training Department

indicated that they did not conduct assessment to establish competency gap, and thereafter, prepare the training needs. This was reported to be caused by lack of prioritization by responsible officials when implementing this activity. This resulted to the execution of trainings which in actual sense could not cover the knowledge and skill gap.

In addition, reviewed Internal Audit Report of June, 2020 indicated that conducted trainings activities were not monitored by required officials to determine their effectiveness.

3.2.4 Failure to Achieve Targets when Using Online Registration System

An Executive Agency is required to provide its services to its customers and the public in the most efficient and effective manner[28].

BRELA's target of establishing ORS was to improve services by automation to reduce manual and semi manual works. However, this was not effectively achieved because, some files were yet to be updated to the system and not all modules were developed and installed by the Vendor as per contract. The detailed explanations for the noted gaps are presented below:

(i) Most of Manually Registered Companies did not have their Information in the ORS

After the introduction of the Online Registration System, all business records that were previously in physical files were required to be updated in the system. Automating the business processes of any organization primarily intends to attain reduction of time to deliver services to customers and increasing revenue collection.

Reviewed manual files of companies showed that only 21,000 out of 140,000 manually registered companies (equivalent to 15%) had their information uploaded in the system. This made the process of searching for their information impossible unless you find respective hardcopy files.

This defeats the purpose of having ORS as an efficient tool for business registration and licensing. According to interviews held with officials, for BRELA to update the information it required presence of company owners to physically attend BRELA's office. BRELA took efforts to advertise in the

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[28] Section 4(2) b of the Executive Agencies Act [Cap. 245 RE 2002]

newspapers and other communication media such as radio and television programs, and social media on the requirement to update such information by respective companies but not all companies responded.

In addition, review of information extracted from ORS indicated that, for the three years covered by this audit, a total of 229,404 applications were made by various companies for the purpose of updating their information in the ORS. However, audit analysis found that, it took an average of 102.6 days for the activity of updating one company's information to be completed. (See **Figure 3.2).**

Figure 3.2: Average Number of Days Taken when Updating Companies
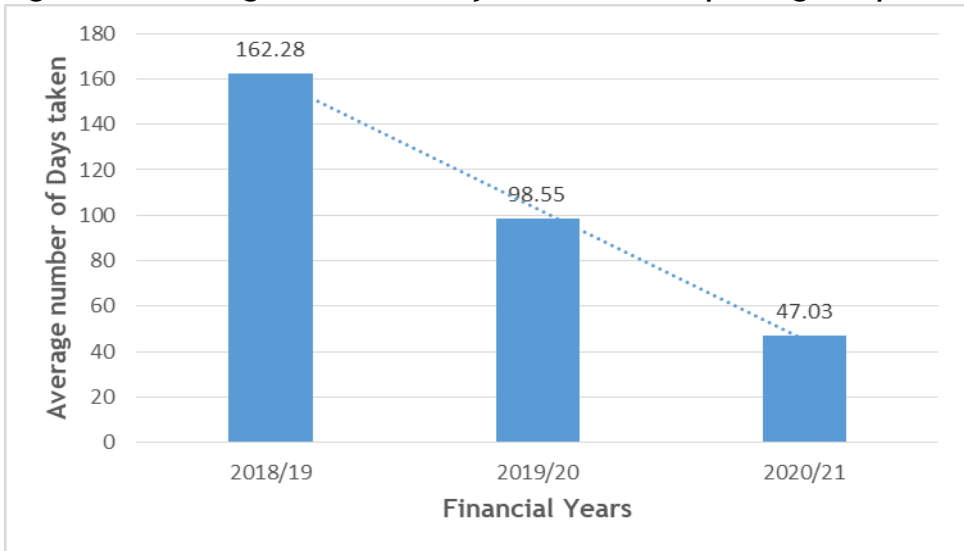
Source: Auditors' Analysis using data extracted from ORS, 2021

According to **Figure 3.2,** the average processing time was reduced from 162.8 days in 2018/19 to 47.03 days in 2020/21. Despite this decrease, the average processing time was still too long taking into consideration that, applications were made in the system, and according to BRELA standards stated in the Ministerial Advisory Board, an application should be processed within one to five days.

According to the interviews held with officials from BRELA, it was noted that BRELA missing the required updated personal details of the company shareholders, hence taking too long to update information for companies

which were manually registered. Updating of the company shareholders information depended on the owners' visit to BRELA to seek the physical file, provide and fill the required information for successful updates.

Furthermore, review of Internal Audit Reports of June, 2020 pointed that, among other reasons, delayed updates were caused by the issuance of comments to customers in installments and in different days. The comments were supposed to be issued in full. As a result, the number of days processing updates increased unnecessarily.

(ii) Some of the Modules for the ORS were not Developed by the Vendor

The developed ORS was meant to help BRELA to efficiently implement registration and licensing of business. However, review of Minutes of the Meeting between BRELA and Vendor representatives dated 4th November, 2018 noted that the ORS Vendor did not develop some modules as per contract and payment made (See **Table 3.7**).
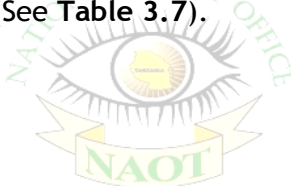
Table 3.7: Modules of ORS Developed by Vendor and Management Comments

Item Not Developed by Vendor	BRELA's Management Remarks on Item
Content Management: • Vehicle acquisition • Asset Booking • HR-Management • Procurement Management	These modules are currently not in use because they have not been handed to BRELA and BRELA has not had an opportunity to test them during an acceptance phase of the project.
Content Management: • IT Helpdesk Management system • Admin Helpdesk system • Knowledge Management system • Case Management System • Notice and Circulars Management System • News and Events System • Meeting scheduler • Conference Booking	As for the above status these modules were also not in use because the Vendor did not develop them.
Record Management System	According to the Contract, the Vendor was supposed to develop a record management module instead of simply advising the agency to continue using the existing record tracking system in use. All modules of record management system as indicated in Terms of References have not been developed.
Internal Chatting	According to the contract, the Vendor was supposed to develop an internal chatting mechanism and not simply the use of freeware application such as skype. But this activity was not fulfilled.

Source: *Minutes of the meeting held on 14th November, 2018 between representative from BRELA and ORS' vendor*

Based on **Table 3.7**, it can be seen that, the Vendor did not develop some modules, yet BRELA through the Project Manager failed to assess the system item by item before approving payments to Vendors and handing over of the project. Despite the Management observation, the Audit failed to understand whether the management took any remedial action. In addition,

the Vendor was paid in full. This is an indication that, due to inadequate supervision of the project by BRELA, the Vendor failed to fulfill the contracted activities.

Inadequate supervision affected the achievement of intended target of getting services that would be given if the contract was to be fully implemented.

For example, failure to develop internal chatting system caused BRELA to continue using Skype during its virtual communications. In addition, failure to develop content management system caused BRELA to fail to manage complaints from customers. As a result, some customers had to come physically to BRELA premises for services that could be obtained remotely.

Moreover, failure to develop record management system led BRELA to continue moving customers and other management files manually which may lead to files misplacement. For example, reviewed correspondences from other government organs such as Police, PCCB, etc., showed that, this challenge of files misplacement was encountered. In this regard BRELA was observed to delay responding to customers and other stakeholders on the actual status of requested information due to absence of record management system.

3.3 Inefficient Processes Deployed by BRELA when Registering and Licensing Businesses Activities

Section 4.2 of a Guide on the Preparation and Implementation of Client Service Charters for the Public Service requires the Public institutions to establish a system to monitor how services are delivered in accordance with standards set in the charter.

Despite this requirement, reviewed Ministerial Advisory Board Report noted that, there were shortcomings in services delivery by BRELA. It was indicated that services were delivered without the Client Service Charter.

Further, there were inefficient mechanism to ensure timely renewal of licenses; delays in business registrations activities by BRELA; and the ORS was not integrated to all systems as intended during the planning stage of the ORS project. Explanation of each sub finding is detailed hereunder:

3.3.1 Client Service Charter with Documented Procedures and Timelines for Business Registration and Licensing was not Updated

Review of Ministerial Advisory Board report and interview with BRELA officials indicated that, BRELA operated its business without Client Service Charter. This was contrary to Section 4.2 of the Guide on Preparation and Implementation of Client Service Charters for the Public Service; which required BRELA to set standards for service delivery in the charter. The audit noted that, the Client Service Charter which is currently present at BRELA expired in 2018 and hence lacked legitimacy. The Service Charter is a tool that facilitates transparency, accountability and efficient service delivery as it indicates list of services it provided, and duration for processing such services by the responsible officers or units.

Interview with officials from BRELA indicated that, in the absence of Client Service Charter, customers were not informed on exact time that would be taken to process an application. Review of Monitoring and Evaluation reports for the 4th Quarter, 2018/19 indicated that the activity of developing a new Client Service Charter was fully completed on 30th June, 2019. However, upon review of the Client Service Charter presented for verification, the audit noted that the produced Client Service Charter was just a zero draft and lacked important information such as time to be taken from service application to service delivery.

In this regard, the charter presented to Auditors was incomplete, which make BRELA to lack benchmark regarding required time to register and license businesses.

3.3.2 Inefficient Mechanism Used by BRELA to Ensure Timely Renewal of Licenses

The audit noted that, inspection was the only mechanism used by BRELA to ensure licenses were timely renewed. However, interviewed officials and reviewed Inspection reports for the period under audit indicated shortage on the number of staff to undertake the license inspection activities throughout the country. Review of Staff Need Assessment report noted that, the Licensing unit had 13 staff out of 19 required, making a shortage of 6 staff as per the Staff Need Analysis report of 2021.

Reviewed License Inspection Reports indicated that, BRELA had conducted three (3) out of 24 inspections planned. This means, BRELA had achieved only 13% of its plan. Despite of this shortage, BRELA had also inadequately covered the LGAs. Inspection executed covered 21 out of 186 LGAs in the country, this is equivalent to 12% of all LGAs to be covered.

Table 3.8: Planned Number of Inspections Versus Number of Inspections Done and the Area Covered

Financial Year	Rounds of Licenses Inspection Activities Planned	Rounds of Licenses Inspections Done	Number of LGAs Inspected
2018/19	8	-	-
2019/20	8	1	5
2020/21	8	2	16
Total	24	3	21

Source: License Inspection Data as submitted by BRELA, 2021

Based on **Table 3.8**, the inspection coverage is low when compared to the total number of 186 LGAs present countrywide. This implies that, uncovered LGAs were at the risk of executing businesses without valid licenses.

In addition, licenses were not timely renewed. Review of license information database and interviews held with BRELA's Officials showed that, by 3rd November, 2021 a total of 15,992 out of 23,134 licenses (equivalent to 31%) were timely renewed for the three years of audit scope. The analysis of licenses renewed timely versus delayed licenses is as indicated in **Table 3.9** below.

Table 3.9: Number of Licenses Renewed Timely Versus Licenses not Renewed Timely

Financial Years**	Total Number of License Due	Number of License Renewed Timely	Number of License not Renewed Timely	% of License not Renewed Timely
2019/20	11,650	3,611	8,039	69
2020 /21	11,484	3,531	7,953	69

Source: License data submitted by BRELA's licensing Officials, 2021
Note:** For the Financial Year 2018/19, the license system had not yet operational

Table 3.9 shows that, in all two financial years, 69% of licenses which were due for renewal were not renewed. Failure to renew license was contrary to Section 10(1) of Business License Act, 1972 that requires a business license to be valid for one year and should be renewed within 21 days after expiring date**.**

Moreover, the audit noted that despite having National Business Portal (NBP) there were no SMS sent to owners of the companies reminding them to renew their licenses. This was caused by failure of the system to send SMS notifications as explained in **Section 3.2.1(c)** of this report.

In addition, late renewal of licenses was also caused by other inefficiencies in the system including failure of the system to assign task to action officers and adherence to first in first out principle as indicated in **Section 3.3.3(c)** of this report. Also, the review of Minutes of the Meetings held on 22nd February, 2019 and 26th February, 2019 indicated that there was lack of commitment set forth by officials when giving services to customers; since they were uncomfortable in using the system. It was reported that the officials were not expressing the system in a positive manner and not providing detailed feedback to the customers.

The Audit found presence of 3,054 License applications for renewal but were yet to be processed as at the time of this audit. Analysis of the applications noted that 409 license renewal applications that were made since Financial Year 2018/19 but their processing was incomplete. For more details refer to **Section 3.2.3** of this Audit Report.

Failure or delay in renewing the licenses led to revenue loss. For example, review of license information from BRELA indicated that, revenue of approximately TZS 1.6 billion accumulated in three financial years under review were still uncollected from license fees and penalties. Interview with Officials indicated that, this was caused by inadequate inspections and inefficient functioning of the monitoring and assessment module of the Business Registration System.

The Audit found that, the system could only calculate one year's penalty regardless of number of years defaulted. Because of this, the penalty assessment were done manually.   The Licensing System was also found to have difficulties fixing and maintain the original deadline to be used for license renewal applications.

Furthermore, the system did not allow editing or doing changes in the business area when customers relocated their offices. This forced the customers to apply as new business applications instead of treating them as license renewal requests to effect the amendments accordingly. This was contrary to the requirements of the Business Licensing Act (Cap. 208).

3.3.3 Not all Registration and Licensing Activities were Timely Done

In registering and licensing of Business, BRELA deployed two systems namely National Business Portal for Licensing purposes and Online Registration System for business activities registration purposes. Assessment of functionality of the two systems found that there were delays in processing of both registering and licensing of business as detailed below:

(a) Long Waiting Time were Noted when Issuing Licenses

Review of Ministerial Advisory Board Reports noted that after the introduction of Online Registration System, the application was supposed to be processed within eight (8) working hours. However, audit analysis of database extracts[29] from the National Business Portal for financial years 2019/20 and 2020/21 noted significant delays on issuing licenses.

Analysis of database extract from the National Business Portal showed that, the number of applications increased from 16,881 to 25,902 whereas, the number of applications not processed increased from 6,955 to 9,241 in 2019/20 and 2020/21 respectively. This makes a total of 16, 196 out of 42,783 (equivalent to 38%) license applications that were not processed from 2019/20 to 2020/21 to the time of this audit. (See **Table 3.10**).

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[29] Extract of the National Business Portal as of 4th November, 2021

Table 3.10: Assessment of Number of License Applications Processed Versus not Processed

Financial Year**	Total Licence Applications	Applications Processed to Completion	Applications not Processed as at the Time of the Audit	% of Applications not Processed
2019/20	16,881	9,926	6,955	41
2020/21	25,902	16,661	9,241	36

Source: *Auditors' Analysis of information extracted from NBP system, 2021*

N.B** For the Financial Year 2018/19, the National business Portal was not yet operational, therefore no data were generated from the system

Based on **Table 3.10,** processing of 16,196 License applications were not yet completed as at date of this report.

Further analysis to establish time used to process applications made on the business license noted that, a total number of license applications made in 2019/20 to 2020/21 were 42,783. Out of this, 15,242 license applications (equivalent to 36%) were completed within required time while 27,541 license applications (equivalent to 64%) were processed with delays. **Table 3.11** gives details of applications delayed per financial year.

Table 3.11: Analysis of Number of Applications Processed by BRELA through NBP

Financial Year**	Total Number of Business License Applications	Number of Applications Processed Timely	Number of Applications Delayed*	% of Applications Delayed
2019/20	16,881	5,916	10,965	65
2020/21	25,902	9,326	16,576	64

Source: *Auditors' Analysis using information extracted from NBP system, 2021*

It was further noted that, 27,541 license applications were delayed in processing, with noted delays ranging from 1 to 760 days in 2019/20 and 1 to 487 days in 2020/21. Refer to **Table 3.12** for more details.

Table 3.12: Analysis Showing the Delays in Number of Days

Financial Year	Number of License Application delayed	Maximum Number of Days Delayed	Average Days Delayed
2019/20	10,965	760	401
2020/21	16,576	487	187

Source: *Auditors' Analysis using information extracted from NBP system, 2021*

Based on **Table 3.12,** the average number of days to issue license was decreasing from one financial year to another. Despite of the decrease, the essence of issuing license within five working days was not yet reached.

(b) Long Waiting Time was Noted when Registering Business

An assessment made on the ORS noted delays when customers applied for registration of business. The Audit noted that for the period under review (2018/19 to 2020/21) there were 332,074 registration applications made. There were 38,430 applications (equivalent to 12%) processed timely whereas 293,644 applications (equivalent to 88%) were processed with delays. **Figure 3.3** provides analysis of business registration applications which were completed within time, delayed and those which were in progress up to the time of this audit.

Figure 3. 3: Analysis of Percentage of Applications Delayed in Registration of Businesses
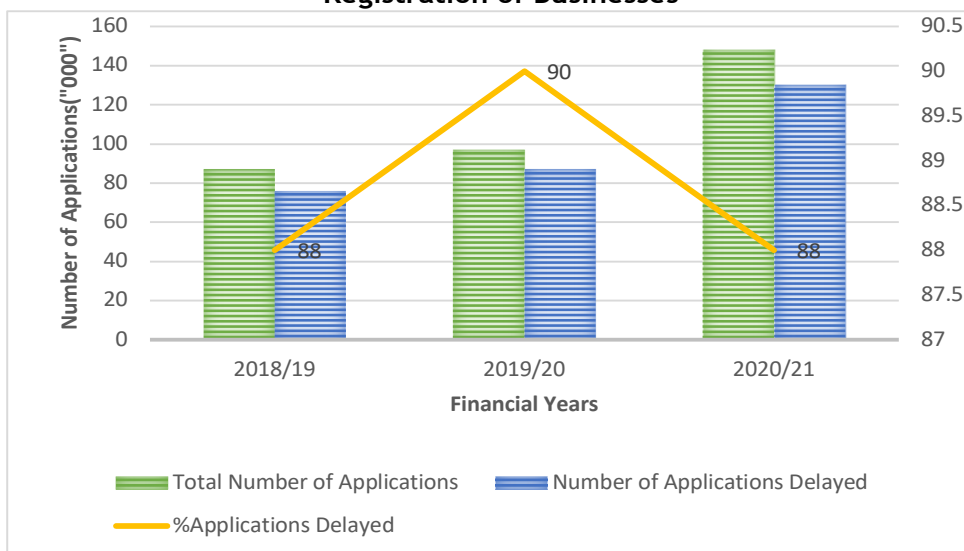
Based on **Figure 3.3** it is shown that, in all three financial years, an average of 88% of all applications made were delayed in processing. This indicates that, there were slight difference between applications made versus applications delayed. For example, the variation of total applications made versus applications delayed was noted to be 12% for the Financial Year 2018/19, and 2020/21 meanwhile for the Financial Year 2019/20, the noted variation was 10%.

Further analysis was done to establish exact time used to process submitted applications for registration of business and it was noted that, the delays ranged from 1 to 1,400 days. For more details on analysis of range of days taken is as presented in **Figure 3.4.**

Figure 3. 4: Analysis of the Number of Applications Made in Different Range of Days
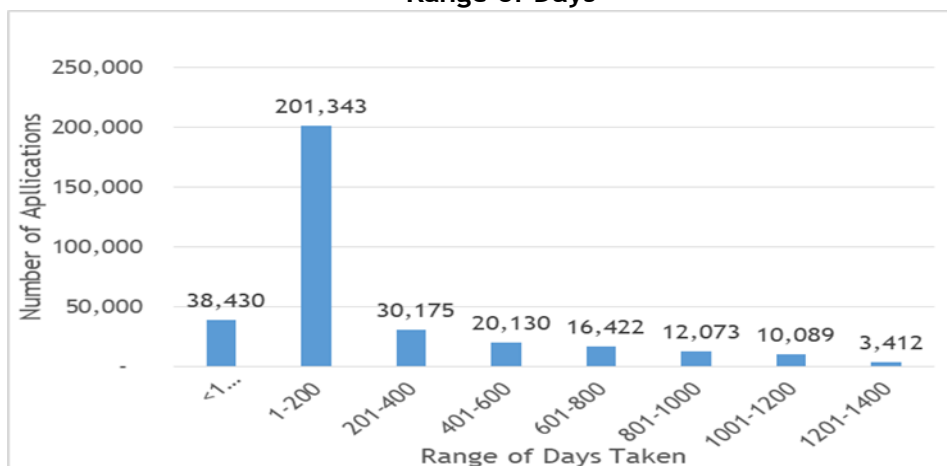
Based on **Figure 3.4,** the number of business registration that were processed without delays i.e. below 1 day was 38,430 of the total applications made. This amount is equivalent to 12%. This implies that 88% of all applications made were delayed in various ranges of time. It was noted that a high number of applications delayed was 201,343 as their processing took between 1,201 to 1,400 days.

The noted cause of delay was inadequate of the system to assign task to Action Officers. Moreover the Action Officer discretionally chooses the application to start with as there is no obligation to observe the principle of first in first out.

(c) Delays were Noted in Implementing Other Activities at BRELA

Review of Internal Audit Report of 2020 and analysis of database extract from the ORS indicated that, BRELA delayed in delivering services like issuing to customers the results of companies' standard search and company custom search. The audit noted that, for the companies' standard search 37,230 applications out of 37,976 (equivalent to 98%) were delayed for at least a month **(See Table 3.13).**

Further, it can be seen that about 55% of the applications were delayed for more than 21 months. Furthermore, about 31% of the applicants had to wait

for at least 31 months for their applications for standard search to be finalized.

It was further noted that for company custom search services, 57,943 applications out of 60,966 (equivalent to 95%) delayed for more than one month (See **Table 3.13**).

Table 3.13: Range of Months Taken When a Client Applied for Companies Standard Search

Processing Time (Months)	Number of Applications found	% of Number of Applications found
Less than (<)1	746	2
1-10	7,730	20
11-20	8,573	23
21-30	9,004	24
31-40	10,498	28
41-50	1,425	4

Source: *Auditors' Analysis of data extracted from ORS, 2021*

Furthermore, for the custom search, the Audit found that custom search was delayed significantly from 1 to 50 months. Based on **Table 3.14,** it is indicated that, the highest noted delays for companies' custom search ranged from 41 to 50 months with 160 delayed applications, while lowest delay was less than a month with 3,023 delayed applications. **Table 3.14** further shows that only 5% of applications were finalized within one (1) month. It also shows that about 39.6% applications were processed between one (1) month and ten (10) months.

Table 3.14: Companies Custom Searches Applications which were Not Finalized

Processing Time (Months)	Number of Application Found	% of Application Found
<1	3,023	5.0
1-10	24,114	39.6
11-20	18,042	29.6
21-30	11,571	19.0
31-40	4,056	6.7
41-50	160	0.3

Source: Auditors' Analysis of ORS Database Extraction, 2021

Interviews held with BRELA officials and review of ORS Correspondence Files of 2018/19-2020/21, indicated that the noted delays for completion of applications submitted to BRELA for licenses and registration of businesses or other services were found to be caused by the following:-

- *Failure of the System to Assign Task to Officers and Lack of First in First out Restriction in the System*

It was noted that when the clients post their applications, the ORS could not assign the submitted applications to specific action officers. Instead, applications remained in the pool unattended until any action officer could attend to it. Due to this, action officers could not be held responsible as there would be no application queues on any of the officers and that was likely to reduce commitment of action officers.

Likewise, reviewed ORS established that, the system was not developed to follow first in first out principle which could have restricted the action officers from attending any applications they wished. Instead they would have ensured that, the first submitted applications were processed first. Absence of this restriction was likely to allow the action officers to deliberately prioritize certain applications and disregard others.

- **Failure of the System to send SMS to Notify Customers about Raised Queries on their Applications**

As explained in **Section 3.2.1(c)** of this report, there were applications which remained stuck because of various information gaps which required the customers to be notified. However, it was noted that most of the applicants were not informed about the noted gaps for them to act upon because BRELA only used emails to notify customers while not all customers had active emails or frequently read their emails. Sending of SMS as required by the established standards have would sufficed, however this was not done by BRELA.

- **Network Problems**

Network Problem was pointed to be another cause of delayed applications. Review of correspondence minutes sheets dated 19th June, 2020 and announcements made on 29th and 31st October, 2021 indicated network problems that affected functionality of various activities. Also, the correspondence minute sheets further reported that network problem were constantly evolving thus leading to a decline in the efficiency of BRELA officials in the performance of their duties on the system. Moreover, it reported that, much time was lost waiting for internet provision in order for them to resume normal working state. It was also reported that, the challenge led to slowing down customer service delivery resulting in accumulation of piled work on the system.

- **System Failure Due to Inadequate Integration**

System integration was another factor that caused delays. Review of system integration log reports indicated that BRELA's online business registration system was not adequately integrated with other systems from other institutions which were found to be key in accomplishing BRELA's activities. Integration issues are further explained in **Section 3.3.4**.

Failure to integrate with other systems caused BRELA's system to misbehave. When the system misbehaved, applications requested were not processed.

3.3.4   ORS not Integrated With Other Systems

A public institution is supposed to maintain and promote integrated and interoperable systems to be used in service provision.[30] According to BRELA's Online Registration System Inception Report of 2016 it is vital for the system to be integrated with other compliance authorities to help the agency and the applicants to speed up the process of registration and avoid unnecessary delays.

The Audit noted that BRELA's online business registration system was completely integrated with only two external systems out of 17 systems envisaged to be integrated with other government institutions. The two systems that were found to be integrated with the ORS were National Identification Authority (NIDA) and Tanzania Revenue Authority (TRA). This means, the integration with other relevant stakeholders was only 12% successful.

In addition, the Inception report indicated that, the ORS was inadequately designed for integration with other systems i.e. The Application Programming Interface (API) was capable of accommodating nine stakeholders only. This means even if the system would have been fully integrated with other systems, it would do so with only nine systems due to insufficient API. **Table 3.15** shows relevant stakeholders that needs to be integrated with the ORS and status of an API.

Table 3.15: Key Agencies/Stakeholders Needed to be Integrated with the BRELA Online Registrations System

Institution	Status of Integration	Availability of Developed ORS Application Programming Interface (API)*
National Identification Authority (**NIDA**)	Integrated	Present
Registrations of Insolvency of Trusteeship Agency (**RITA**)	Not yet integrated	Present
Immigration Department (**ID**)	Not yet integrated	Present

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[30] Section 28 (g) of the e-Government Act, 2019

Institution	Status of Integration	Availability of Developed ORS Application Programming Interface (API)*
Tanzania Revenue Authority (**TRA**)	Integrated	Present
Tanzania Investment Centre (**TIC**)	Not yet integrated	Present
Ministry of Lands, Housing and Human Settlements Development (**MLHHSD**)	Not yet integrated	Present
Tanzania Communication Regulatory Authority (**TCRA**)	Not yet integrated	Present
Capital Markets and Security Authority (**CMSA**)	Not yet integrated	Present
Ministry of Investment, Industry and Trade (**MIIT**)	Not yet integrated	Present
Social Security Regulatory Authority (**SSRA**)	Not yet integrated	Not Present
Public Procurement Regulatory Authority (**PPRA**)	Not yet integrated	Not Present
Tanzania Bureau of Standards (**TBS**)	Not yet integrated	Not Present
Private sector representatives	Not yet integrated	Not Present
Tanzania Food and Drugs Authority (**TFDA**)	Not yet integrated	Not Present
Prime Minister's Office	Not yet integrated	Not Present
National Bureau of Statistics (**NBS**)	Not yet integrated	Not Present
Attorney General (**AG**)	Not yet integrated	Not Present

Source: *Inception Report, for Online Registration System at BRELA, 2016*

*API: simplify software development and innovation by enabling applications to exchange data and functionality easily and securely.

From **Table 3.15,** it is indicated that the established ORS was successfully integrated with only NIDA and TRA systems out of 17 systems proposed for integration.

For BRELA not being integrated with the remaining eight stakeholders' systems, automatically made BRELA and those stakeholders unable to exchange information.

Furthermore, there were occurrence of the ORS frequently being down when either NIDA or TRA systems were down. The frequent breakdowns complicated the process for registration or delayed the process and eventually defeating the purpose for the establishment of ORS.

Reviewed systems integration proposal indicated that the problem of system failure that occurs frequently due to inadequate system integration would have been solved by formulating a single point system where all other systems are integrated in order to reduce different system failure.

On the other hand, reviewed e-GA Report of September, 2019 indicated that, there was an incomplete integration between ORS and Intellectual Property Administration System (IPAS) which is used by Intellectual Property Section[31] at BRELA. For example, all applications from Zanzibar were entered with wrong address in order to push them to IPAS for further procedures. According to BRELA failure to integrate was caused by inadequate interoperability of stakeholders systems with that of BRELA (ORS).

Interviews held with BRELA's officials noted that the failure to integrate with other authorities' delayed the process for registration for it required manual verification of their compliance requirements. For example, in filling information for company, the plot number and location details is mandatory. Therefore, integrating the ORS with that of Ministry of Land and TCRA was inevitable as they provide fundamental information needed by BRELA. Despite that requirement, these systems had never been integrated.

On the other hand, it was noted that, integrating of BRELA's system with other external systems would have reduced time taken when other government organs needed assurance on the existence and validity of companies. For instance, it was noted that when Police Force, PCCB and other government organizations investigated on the validity of a company under investigation, they had to write a physical letter to BRELA and then BRELA confirmed and sent back the response to the requesting organ. Had

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[31] Section responsible for issuing Trade Mark and Service Mark

the system been integrated with the ORS this activity would have been timely executed and reduced additional work to BRELA.

3.4 Monitoring of Business Registration and Licensing was Not Sufficiently Done by Both MIT and BRELA

The Ministry of Investment, Industry and Trade through the Monitoring and Evaluation Unit was supposed to monitor all activities done by either the Ministry or its Agencies. The Ministry further, through Directorate of Trade Development is supposed to monitor, evaluate and review performance of trade and marketing policies, laws and regulations.

Interviewed officials from the Ministry of Investment, Industry and Trade pointed out that the Monitoring and Evaluation of BRELA activities was inadequately conducted by the officers responsible for the Monitoring and Evaluation. Similarly, it was noted that BRELA inadequately monitored its own performance.

Detailed explanation regarding Monitoring and Evaluation as performed by both MIT and BRELA is presented in the following sub-sections:

3.4.1 Absence of Monitoring and Evaluation Framework to Facilitate Implementation of Monitoring Activities

The Ministry has the Strategic Plan with various Key Performance Indicators (KPIs) for every institution under its jurisdiction. BRELA is supposed to have its own KPIs that should align with that of the Ministry. For effective Monitoring and Evaluation, these KPIs were to be further detailed in the Monitoring and Evaluation Framework to act as the guiding tool when undertaking monitoring activities.

Interviews held with Monitoring and Evaluation officials from MIT indicated that, the Ministry did not have a Framework for Monitoring and Evaluation activities. The last framework used ended in financial year 2017/18, which means that, up to the time of this audit, marked four (4) years has passed and yet nothing was done to develop a new one.

Failure to timely review the Monitoring and Evaluation Framework was an indication that this activity had a low priority. In the absence of the Monitoring and Evaluation Framework monitoring activities were noted to be inadequately conducted as explained in the following sub section;

3.4.2 MIT did not Adequately Monitor Performance of BRELA in Implementation of Registration and Licensing Activities

Ministry's organization structure requires the M&E unit to carry out Monitoring and Evaluation of the office plans and budget and prepare performance report.[32]

The M&E Unit was supposed to monitor the performance of BRELA on quarterly basis through field visits for verification and review of performance reports submitted by BRELA.

Interviewed M&E's officials from the MIT and review of Monitoring and Evaluation reports indicated that, monitoring activities on the performance of BRELA were not sufficiently conducted. It was noted that, no visits that were done to BRELA by the Ministry. Instead, the Ministry depended on BRELA's submitted Implementation reports. Review of Monitoring and Evaluation reports from the Ministry of Investment, Industry and Trade indicated that for the three years under review there were no visits conducted to BRELA by MIT for monitoring purposes. This means that, for the three years BRELA's activities were implemented without being verified by the parent Ministry.

Review of MTEF for the period of 2018/19 to 2020/21 and interviews with M&E official indicated that, budget set to facilitate monitoring activities for three years was TZS 106,500,000, but there was no funds released.

In the absence of supervision visits MIT depended on the Implementation Reports submitted by BRELA to review the performance of BRELA. It was noted that BRELA submitted reports to MIT on quarterly basis through the Directorate of Policy and Planning. Then the reports were forwarded to the Permanent Secretary for further actions.

Failure to disburse funds to facilitate monitoring activities at BRELA was caused by a low prioritization of these activities by the Ministry of Investment, Industry and Trade. This is because the MIT did not deal with the challenge of undisbursed funds for M&E activities. Lack of physical visits for monitoring purposes at BRELA partly contributed to development of registration and Licensing System with many shortcoming as it lacked close

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[32] Organization Structure of the Ministry of Investment , Industry and Trade for the period of 2016

monitoring from MIT. In all reviewed correspondence files from the BRELA, the Audit could not find corrective any intervention from the ministry when things went wrong.

On the other hand, the Directorate of Trade Development failed to monitor the performance of BRELA contrary to the requirements of the Organization Structure which among other things requires the Directorate to ensure compliance and performance of regulatory institutions. Interviews held with officials from Directorate of Trade Development established that, they only focused on coordinating issues.

Review of Action Plans from Directorate of Trade Development did not indicate monitoring activities to its Agencies, which included BRELA. When asked for the reason of not including monitoring activities in their Action Plans despite being their role, they had no substantial response other than insisting that the activity of monitoring was supposed to be conducted by the M&E Section. There were no efforts shown by the Ministry with regards to how the two sections were coordinating the monitoring activities.

3.4.3   BRELA did not Adequately Monitor Its Own Performance

The unit responsible for Monitoring and Evaluation is supposed to set Key Performance Indicators (KPIs) so as to measure the performance of the institution. These KPIs would have helped BRELA to be accountable for its strategic activities, investments and other efforts (Section 3.3.2 of Strategic Plan, 2016/2017– 2020/2021).

Interviews held with Monitoring and Evaluation officials indicated that, BRELA lacked Monitoring and Evaluation Framework to facilitate the monitoring activities. Interview with officials noted that BRELA did not track the implementation status of its activities envisaged in their plans in a given respective year. It was pointed out that, Monitoring and Evaluation Unit at BRELA depended on requesting for the implementation status from departments when the time for reporting come.

Because of inadequate monitoring done by M& E Unit at BRELA the inefficiencies presented in Section 3.2 and 3.3 of this report remained unnoticed and unattended. Since they were given a lower priority, they were not adequately monitored and reported to higher levels which included the Ministry of Investment, Industry and Trade for further actions and follow ups.

CHAPTER FOUR

AUDIT CONCLUSION

4.1 Introduction

This chapter draws the audit conclusion on the findings described in the chapter three. The basis for drawing the audit conclusions is the overall and specific objectives of the audit as presented in chapter one of this report.

4.2 Overall Conclusion

The Audit Team acknowledges the efforts shown by BRELA with regards to implementation of registration and licensing of business activities. However, several inefficiencies were noted and calls for more interventions for improvement purposes.

It is concluded that Online Registration System is an essential public interface tool for BRELA's management. The system is aiming at enhancing greater transparency and accountability so as to enable fostering business formalization. Despite of this intention, the objective is yet to be achieved because BRELA's business processes automation was inefficiently executed resulting in various noted inefficiencies in delivering its core services of Business Registrations and Licensing.

4.3 Specific Conclusion

4.3.1 The Online Registration System did not Adequately Facilitate Implementation of Registration and Licensing Activities

It is concluded that, Online Registration System did not support achievement of BRELA's strategic goal of improving business processing and systems through re-engineering of business operations. Value for money is questionable on the funds used to procure the system. This is because the System was developed at an initial cost of TZS 2.84 Billion and an additional cost of TZS 329 Million was incurred during and after its development stages. Nonetheless, the system still had major issues that de-escalated functionalities.

Consequently, the noted system inefficiency resulted to system re- design after one year of operational, yet it was not sufficiently fixed despite

incurring additional costs of TZS 257million and an additional timeframe of 15 months.

It is further concluded that, value for money was not apprehended since the system was not developed to cover all requirements as per specifications. BRELA inadequately managed the contract as the result, the ORS Vendor reduced the project scope basing more on Inception Report while sidelining the Contract requirements.

Also, value for money was not achieved in the ORS project since there were system/application misbehavior causing errors and data anomalies in the system. Application modules were not properly implemented hindering the users to accomplish their activities efficiently. Consequently, the system was not operating according to the business processes due to incomplete requirements. This was caused by BRELA not initially embedding ICT officials to form part of the Vendor's Team during system development. Involvement of ICT officials during system development would have helped the agency to have ICT officers who would have been conversant with the system. Also, this would have enabled the officials to ensure that all required modules were developed from the initial stages of the project.

Furthermore, it is concluded that incompetency of ICT officials led the ORS Vendor to develop a system which was Vendor dependency.

All these noted shortcomings make the Online Registration System inefficient and unable to facilitate achievement of intended goals.

4.3.2 Inefficient Processes Deployed by BRELA for Registering and Licensing Business Activities

The Audit concludes that, the deployed processes when registering and licensing businesses are not efficient. This is because BRELA operates with expired Client Service Charter which is key for ensuring customer satisfactions as it facilitates transparency, accountability and efficient service delivery. In the absence of up to date efficient Client Service Charter it would mean that BRELA lacks legitimate documented set of standards for service delivery narrating procedures and time for business registration and licensing.

Notwithstanding to the Service Charter, BRELA did not ensure having effective mechanisms for timely renewing business licenses, which led to presence of businesses operating with expired licenses.

It is further concluded that, the Online Registration System did not strengthen the processes for business registration and licensing activities as expected. This is because of several inefficiencies including failure of the system to assign tasks to action Officers and lack of first in first out restriction in the system; absence of Help Desk Module; failure of the system to send SMS to the customer for notification of raised comment from their application; and inadequate integration. These resulted to significant delays in processing submitted applications.

4.3.3 Monitoring of Business Registration and Licensing was Insufficiently done by both MIT and BRELA

The Ministry of Investment, Industry and Trade gave low priority to monitoring and evaluating activities implemented by BRELA. This is because both Department of Policy and Planning and Directorate of Trade Development under the Ministry did not implement Monitoring and Evaluation activities as they only relied on submitted reports. The Ministry operates with expired Monitoring and Evaluation Framework to facilitate implementation of monitoring activities. All these were happening despite the Ministry having two directorates with responsibilities of monitoring BRELA activities. There were no efforts shown by the Ministry with regards to how the two sections were coordinating the monitoring activities.

It is further concluded that, BRELA did not ensure Monitoring and Evaluation of its performance through the M&E Unit. This is because BRELA lacks M&E framework and no supervision visits were conducted.

From the noted performance gaps with regards to implementation of Monitoring and Evaluation activities it is concluded that, the Ministry of Investment, Industry and Trade and BRELA managements were inadequately informed on the progress and performance of implemented activities at BRELA. Moreover, there were no proof from both the Ministry of Investment, Industry and Trade and BRELA's management on the need of being informed frequently on the progress and performance of implemented activities at BRELA.

CHAPTER FIVE

AUDIT RECOMMENDATIONS

5.1   Introduction

This chapter provides for recommendations to Business Registration and Licensing Agency (BRELA) and the Ministry of Investment, Industry and Trade on what should be done to improve performance on the Registration and Licensing of Business.

The audit acknowledges the Government efforts done towards improving Business Registration and Licensing activities. However, more interventions are needed to improve the observed gaps. This will increase efficiency and effectiveness when registering and licensing businesses by reducing turnaround time to customers.

The National Audit Office believes that in order to improve the effectiveness of Business Registration and Licensing in the country, the recommendations made in this report need to be fully implemented.

The recommendations are specifically addressed to the Ministry of Investment, Industry and Trade and BRELA.

5.2   Specific Recommendations to BRELA and the Ministry of Investment, Industry and Trade

5.1.1   Capacity of the Deployed Online Registration Systems and Staff to Handle   Registration and Licensing Activities

Business Registration and Licensing Agency should ensure:

1. Proper and widely understood Service Level Agreements (SLA) is available for all vendors developing and supporting systems and services detailing both parties deliverables, roles and responsibilities and guaranteed service response times;

2. ICT Management is capacitated with required skills on ICT project management, vendor relationship management and governance;

3. ICT staff capacitated with required skills to oversee system development, undertake system maintenance and all other system challenges without vendor dependence; and

4. Issues tracking or helpdesk is developed with appropriate skills - set for handling user queries that would ensure all queries on the system are attended and feedback provided timely to users.

5.1.2 Efficiency of Processes Deployed by BRELA when Registering and Licensing Businesses Activities

Business Registration and Licensing Agency should:

1. Ensure the draft Client Service Charter which includes service timelines is finalized, approved and disseminated to all relevant stakeholders;

2. Regularly review system operations in order to monitor abnormalities and channel the identified issues to respective sections on time so that they get fixed; and

3. Registration and Licensing systems are developed in such a way that they assign roles to action officers and set supervisor/administrator to review the number of applications processed by the officer.

5.1.3 Monitoring of Business Registration and Licensing Activities

The Ministry of Investment, Industry and Trade should ensure that;

1. Monitoring and Evaluation Framework and other monitoring tools are in place to facilitate easy execution and performance measurement of activities implemented within the Ministry and its agencies including BRELA; and

2. A mechanism is devised that ensures the budgeted funds for Monitoring and Evaluation activities are released.

3. Liaise with PO-RALG to establish a mechanisms that will strengthen conduct of inspection for licenses at LGAs level in order to cover large area for conducted inspection.

Business Registration and Licensing Agency should ensure:

1. Monitoring and Evaluation Framework and other monitoring tools are in place to facilitate easy execution and performance measurement of activities implemented within the BRELA; and

2. Monitoring and Evaluation section is well capacitated in terms of skills and staffing so as to ensure they implement their roles as stipulated.

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6. United Republic of Tanzania, The BRELA's Strategic Plan (2016/2017-2020/2021)

7. United Republic of Tanzania, Business Licensing Act, 1972

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20. United Republic of Tanzania, the National Industries (Registration and Licensing) Act, [Cap 46 R.E 2002]

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APPENDICES

Appendix 1(a): The Comments and Responses of BRELA

S/No	Recommendations	BRELA's Comment(s)	Action(s) to be taken	Timeline
On improving capacity of the deployed Online systems and staff to handle registration and licensing activities, BRELA should:				
1.	Proper and widely understood Service Level Agreements (SLA) is available for all vendors developing and supporting systems and services detailing both parties deliverables, roles and responsibilities and guaranteed service response times	We agree with the recommendation. Currently, BRELA is redesigning the ORS system. Since we are using local resources (BRELA and NIDC) without involvement of the original foreign Vendor, the system will be serviced by our own local developers.	Management to ensure System Re-design for ORS is finalized and SLA for other services i.e. Internet, co-location data center, TTCL and NIDC are available.	30th June 2023
2.	ICT Management is capacitated with required skills on ICT project management, vendor relationship management and governance	Auditor's recommendation is acknowledged, To Build Capacity of ICT team, the Number of ICT staff with relevant skills has been increased. Since 2019/2020, 5 staff were engaged including 1 head of ICT Unit and 4 Officers. 5 more staff are expected in the financial year 2021/2022.The following are their specialization (3 programmer, 1 System Administrator, 1	Budget is allocated to the expected staff and trainings	30th June 2023

S/No	Recommendations	BRELA's Comment(s)	Action(s) to be taken	Timeline
		Network Engineer, 1 System Analyst) Specialization of 4 expected Staff in this Financial Year through transfer and direct recruitment (1 ICT System Security, 1 Database Administrator, 1 System Administrator and 1 Network Engineer). BRELA shall continue to build capacity of its ICT team by providing appropriate training as recommended.		
3.	ICT staff capacitated with required skills to oversee system development, undertake system maintenance and all other system challenges without vendor dependence	The management Acknowledges Auditor's recommendation. Since BRELA is fully involved in the re-designing of the system, our ICT staff are getting hands on experience which will build their capacity to undertake maintenance and all other system challenges.	Management to ensure capacity of ICT team is enhanced with an aim of sharpening ICT skills	30th June 2023

S/No	Recommendations	BRELA's Comment(s)	Action(s) to be taken	Timeline
		Additional Training to ICT Staff to be conducted on sharpening ICT skills		
4.	Issues tracking or helpdesk is developed with appropriate skills - set for handling user queries that would ensure all queries on the system are attended and feedback provided timely to users	We agree with the recommendation. However, e-GA has developed a system for receiving, attending and providing feedback for all queries (complaints) including those related to the use of the ORS.BRELA will also use this system and has provided appropriate education to its staff on how to handle complaints lodged in the e-GA system	Management will ensure the developed system is used effectively.	30th June 2023
On enhancing efficiency of processes deployed by BRELA when registering and licensing businesses activities, BRELA should:				
5.	Ensure the draft Client Service Charter which includes service timelines is finalized, approved and disseminated to all relevant stakeholders	We agree with recommendation. However, The New Client Service Charter has been approved by Permanent Secretary, PO, PSM & GG and is operational since December 2021.	Management will ensure Client Service Charter is complied.

Client Service Charter will be | 31st December 2022 |

S/No	Recommendations	BRELA's Comment(s)	Action(s) to be taken	Timeline
		Dissemination to all relevant stakeholders is in progress.	disseminated to Stakeholders	
6.	Regularly review system operations in order to monitor abnormalities and channel the identified issues to respective sections on time so that they get fixed	We agree with the recommendation. The ICT Unit responsibilities include monitoring and evaluation of the systems. ORS will also be monitored on performance and robustness and maintenance will be done whenever needed. This will be done regularly	Management will ensure regular reviews of system operation are done	Ongoing activity Every Quarter
7.	Registration and Licensing systems are developed in such a way that they assign roles to action officers and set supervisor/administrator to review the number of applications processed by the officer	We agree with the recommendation. While the current ORS do not assign tasks the TNBP or business license does. However, the new consolidated redesigned ORS has fixed this problem; it will now be assigning roles and tasks to the relevant actors	Management will ensure redesigned ORS is more efficient. Company and Business Names Module Intellectual Property Module	31st December, 2023
On improving Monitoring of Business Registrations and Licensing activities, BRELA should ensure:				
8.	Monitoring and Evaluation Framework and other monitoring tools are in place to facilitate easy	We agree with the recommendation. Efforts have been made as Monitoring	Management will ensure the same is finalized and	31st December, 2022

S/No	Recommendations	BRELA's Comment(s)	Action(s) to be taken	Timeline
	execution and performance measurement of activities implemented within the BRELA	& Evaluation Framework has been developed and it is in final approval stage.	implemented effectively.	
9.	Monitoring and Evaluation section is well capacitated in terms of skills and staffing so as to ensure they implement their roles as stipulated	Auditor's Recommendation is acknowledged. 2 More staff are expected to be engaged to strengthen the unit, one in the current financial year through Transfer and another in the new financial year. Training plan is in place to address skills gaps including areas of Monitoring and Evaluation and Risk Management	Management will ensure M&E section is enhanced to perform their roles effectively.	30th June 2023

Appendix 1(b): The Comments and Responses of the Ministry of Investment, Industry and Trade

S/No	Recommendations	Ministry's Comment(s)	Action(s) to be taken	Timeline
The Ministry of Investment, Industry and Trade should ensure:				
1.	Monitoring and Evaluation framework and other monitoring tools are in place to facilitate easy execution and performance measurement of activities implemented within the Ministry and its agencies including BRELA.	The preparation of a Ministry Monitoring and Evaluation Framework is waiting the process of finalizing the Ministry's Strategic Plan halted to accelerate the ongoing task of preparation of the Ministry Instrument & Structure after the Investment being merged with the Industry and Trade.	M&E Section is in the process of preparing an integrated Strategic Plan of the Ministry of Investment, Industry and Trade by merging the former SP of Ministry of Industry and Trade with the existing Strategic Plan Draft of the former Prime Minister's Office - Investment. The completion of the integrated Strategic Plan will enable the preparation of the M&E framework to begin. Secondly, The M&E Section has prepared Questionnaires, Roadmap, TOR and Monitoring concept note, for the financial year 2021/2022 on the Development Projects of the Ministry which received funds from	June, 2023

S/No	Recommendations	Ministry's Comment(s)	Action(s) to be taken	Timeline
			July to December, 2021. The concept note shows that during the half financial year period (July - December, 2021) the Ministry has provided Shilling 8,824,413,863 to KAIZEN, and EPZ/SEZ -Development projects, as well as six (6) institutions under the Ministry that have also received funds for the implementation of development projects activities. Those institutions are CBE, TANTRADE, WRRB, TIRDO, TEMDO and CAMARTEC.	
2.	A mechanism is devised that ensures the budgeted funds for Monitoring and Evaluation activities are released	In every financial year during the preparation of Medium Term Expenditure Framework (MTEF), The Ministry budget funds for Monitoring and Evaluation.	It is true that adequate funds are not disbursed to cater for activities of monitoring and evaluation which hinder implementation of activities regarding M&E. However there are guidelines regarding enforcement of M&E issues prepared by	June, 2022

S/No	Recommendations	Ministry's Comment(s)	Action(s) to be taken	Timeline
			the Ministry of Finance and Planning in each financial year. For the purpose of ensuring that M&E activities are implemented in an efficient and smooth manner, The Ministry will continue to create awareness to its management in order to allocate enough funds for M&E activities	
3.	Liaise with PO-RALG to establish a mechanisms that will strengthen conduct of inspection for licenses at LGAs level in order to cover large area for conducted inspection	The recommendation has been taken into consideration	The Ministry together with The President Office Regional Administrations and Local Government is in the process of preparing a Trade Officers' meeting expected to be done in Dodoma region on early March, 2022. Among other things the meeting will propose a better way on how The Ministry together with its Agencies will work closely with Trade Officers at Regional and Local Government level in	June, 2023

S/No	Recommendations	Ministry's Comment(s)	Action(s) to be taken	Timeline
			implementing Investment, Industry and Trade issues all over the country in an efficient and smooth manner	

Appendix 2: Audit Questions and Sub-Questions

Audit Question 1:	**To what extent does BRELA use Online Registration System and human resources to ensure there is economy, effectiveness and efficiency in registration and licensing of business?**[33]
Sub-Question 1.1	*To what extent does BRELA has ensured the funds utilized to procure the Online Registration System resulted to having a well-functioning system?34*
Sub-Question 1.2	*Are there any subsequent costs incurred by BRELA in the use of ORS?*
Sub-Question 1.3	*To what extent does BRELA ensure availability of competent staff to support the system operations?*
Sub-Question 1.4	*To what extent does BRELA achieve its intended goals through the use of Online Registration System?*
Audit Question 2	**To what extent are the processes deployed by BRELA when registering and licensing businesses activities are efficient?**
Sub-Question 2.1	*Does BRELA have document procedures and time for business registration and licensing?*
Sub-Question 2.2	*To what extent has BRELA ensured that renewal of the issued licenses is done before expiry date is reached?*
Sub-Question 2.3	*To what extent has BRELA ensured all of its business processes are done in the procured Online Registration System?*
Sub-Questions 2.4	*Does BRELA adequately run an application systems to ensure timely processing of companies registration, Business name registration and Industrial and Business Licensing?*
Sub-Question 2.5	*To what extent are BRELA systems interoperable and integrated with other systems to increase efficiency of registration and licensing processes?*
Sub-Question 3	**To what extent has the Ministry of Investment, Industry and Trade and BRELA managed to monitor the Business Registration and Licensing Activities?**
Sub-Question 3.1	*Does the Ministry of Investment, Industry and Trade have an effective monitoring tools to assess performance of BRELA's registration and Licensing activities?*

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[33] Company registration, Business name registration and Industrial and Business Licensing

[34] Company registration, Business name registration and Industrial and Business Licensing

Audit Question 1:	To what extent does BRELA use Online Registration System and human resources to ensure there is economy, effectiveness and efficiency in registration and licensing of business?[33]
Sub-Question 3.2	*Does the Ministry of Investment, Industry and Trade effectively monitor performance of BRELA's registration and Licensing activities and issue corrective measures?*
Sub-Question 3.3	*Does the M&E Unit at BRELA have effective monitoring tools to assess performance of its registration and Licensing activities?*
Sub-Question 3.4	*Does the M&E Unit at BRELA effectively monitor the performance of BRELA's registration and Licensing activities during implementation stages and issue corrective measures?*
Sub question 3.5	*To what extent do divisions responsible for implementing registration and licensing activities at BRELA monitor its clients to ensure they comply with the established requirements?*
Sub question 3.6	*To what extent did BRELA manage to take actions against clients who failed to meet the established registration and licensing requirement(s)?*

Source: *Auditors' Analysis, 2021*

Appendix 3: Audit Criteria

Sub question	Assessment Criteria
Audit Question 1: To what extent does BRELA use the procured Online Registration Systems and human resources to ensure there is economy, efficiency and effectiveness in registration and licensing of business?	
To what extent does BRELA has ensured the funds utilized to procure the Online Registration System resulted to having a well-functioning system?	The Executive Agencies Establishment Act requires BRELA to manage her affairs of business registration and licensing in a business-like and cost-effective manner and in accordance with modern management practices **Section 4(2)b of the Executive Agencies Act [Cap. 245 RE 2002]**
Are there any subsequent costs incurred by BRELA in the use of ORS	The Executive Agencies Establishment Act requires BRELA to manage her affairs of business registration and licensing in a businesslike and cost-effective manner and in accordance with modern management practices **Section 4(2)b of the Executive Agencies Act [Cap. 245 RE 2002]**
To what extent does BRELA ensure availability of competent staff to support the system operations?	The Five Years Strategic Plan 2016/2017-2020/2021 requires BRELA to improve the competency of its staff so as to achieve the Agency's objectives. The National ICT Policy of 2016 requires the human capital development on the aspect of ICT to ensure the presence of ICT professional recognition and development framework so as to have human resource base in the country **(Section 3.1.2.2 of the National ICT Policy, 2016)**
To what extent has BRELA achieved its intended goals through the use of Online Registration System?	An Executive Agency is required to provide services to its customers and public in the most efficient and effective manner. **Section 4(2)b of the Executive Agencies Act [Cap. 245 RE 2002]**
Audit Question 2: To what extent are the processes deployed by BRELA when registering and licensing businesses activities are efficient?	

Sub question	Assessment Criteria
Does BRELA have documented procedures and time for business registration and licensing?	Section 7(e) of the client service charter requires the issuance of industrial license to take 1-2 days A public institution is supposed to ensure business processes subject for re-engineering are documented and automated to enhance e-Government service provision **(The e-Government Act of 2019 Section 28)**
To what extent has BRELA ensured that renewal of the issued licenses is done before expiry date is reached?	Business license will be valid for one year and every business license granted under this Act shall expire on the thirty-first day of March next following the date of issue **(Section 7 of Business License Act, 1972)** The expired license of business is required to be renewed within twenty one days after expiring date (**Section 10(1) of Business License Act, 1972)**
To what extent has BRELA ensured all of its business processes are done in the procured Online Registration System?	A public institution is supposed to use ICT to deliver government services to achieve objectives of the institution **(The e-Government Act of 2019 Section 28 (a)**
Does BRELA adequately run an application systems to ensure timely processing of companies registration, Business name registration and Industrial and Business Licensing?	The Executive Agency Establishment Act requires BRELA to provide its services to its customers and public in the most efficient and effective manner **Section 4(2)(a) of the Executive Agencies Act [Cap. 245 RE 2002]** Also, a public institution is supposed to: (a) use ICT to deliver government services to achieve objectives of the institution, (b) ensure availability of e-government services that are reliable and citizen centric **(The e-Government Act S.28 of 2019)**
To what extent are BRELA systems interoperable and integrated with other systems to increase efficiency of registration and licensing processes?	A public institution is supposed to maintain and promote integrated and interoperable systems to be used in service provision (**Section 28 (g) of the e-Government Act of 2019)**

Sub question	Assessment Criteria
Audit Question 3: To what extent has the Ministry of Investment, Industry and Trade and BRELA managed to monitor the Business Registration and Licensing Activities?	
Does the Ministry of Investment, Industry and Trade have an effective monitoring tools to assess performance of BRELA's registration and Licensing activities?	The unit responsible for Monitoring and Evaluation is supposed to set Key Performance Indicators (KPIs) so as to measure performance of the institution **(Strategic Plan of the Ministry of Investment, Industry and Trade)**
Does the Ministry of Investment, Industry and Trade effectively monitor performance of BRELA's registration and Licensing activities and issue corrective measures?	Ministry's organization structure requires the M&E unit to carry out Monitoring and Evaluation of the office plans and budget and prepare performance report *(Organization Structure of the Ministry of Investment, Industry and Trade)*
Does the M&E Unit at BRELA have effective monitoring tools to assess performance of its registration and Licensing activities?	The unit responsible for Monitoring and Evaluation is supposed to set Key Performance Indicators (KPIs) so as to measure the performance of the institution. It require to establish Key Performance Indicators (KPIs) for each of the 5 goals and 9 related objectives. These KPIs will help BRELA to be accountable for its strategic activities, investments and efforts **(Section 3.3.2 of Strategic Plan, 2016/2017- 2020/2021)**
Does the M&E Unit at BRELA effectively monitor the performance of BRELA's registration and Licensing activities during implementation stages and issue corrective measures?	BRELA'S organization structure requires the Agency to carry out Monitoring and Evaluation of the office plans, budget and prepare performance report **(Section 3.4.2 of Organization Structure, 2018)**
To what extent do divisions responsible for implementing registration and licensing activities at BRELA monitor its clients to ensure they comply with the established requirements?	The Executive Agencies Establishment Act requires BRELA to ensure that its operations are designed for the provision of the best service to its customers and to maintain a high degree of responsiveness to their needs. Section 4(2)c of the Executive Agencies Act [Cap. 245 RE 2002]

Sub question	Assessment Criteria
To what extent did BRELA manage to take actions against clients who failed to meet the established registration and licensing requirement(s)?	Registrar may strike a defunct company off the register when such company fails to operate and without giving reasons to the registrar **(Section 400 of the Companies Act No.12 of 2002).** Also, section 10 of the Business Licensing Act requires the Agency to impose penalty to an individual who fails to renew license within twenty one days after expiry **(Business Licensing Act, 1972).**

Source: *Auditors' Analysis, 2021*

Appendix 4: List of Reviewed Documents and their Reasons for Review

Organisation	Name of Document	Reason
	System Related Documents	
	User assessment reports for each system	To examine issues raised during system testing before commissioning to BRELA.
	Systems correspondence files	To examine issues raised by system users
	Data extracted from the database of each system for the scoped years	To assess the extent at which deliverables were met, and time taken for each deliverable
	System maintenance plans and reports	To understand the extent to which systems are repaired
	Internal Audit Reports for the years in the scope of this audit	To review issues raised by the internal auditor on BRELA's operations, and how management acted upon them
	ICT infrastructure maintenance plans and reports	To examine the extent to which maintenance of ICT infrastructure were planned and executed
BRELA	Information Systems Audit reports	To understand various identified systems weaknesses and suggested remained redial interventions
	Systems Development Documents	To understand the requirements of systems and assess compliance level
	Systems Implementation Reports	To understand how services such as Business Registration and Licensing are provided
	Ministerial Advisory Board Minutes	To pin point all issues raised during board meetings concerning ORS systems and other BRELA activities
	HR policy	To understand various strategies regarding human capital such as retention, training and so on
	MoUs with key stakeholders	To understand requirement for integration between ORS systems with other systems from key stakeholders

Organisation	Name of Document	Reason
	Operational Documents	
	implementation reports	To examine the extent achieved when implementing business registration and licensing. Also through this document the challenges that contributes to the performance problem of the agency when registering and licensing business will be identified
	Internal Audit Reports for the years in the scope of this audit	To review issues raised by the internal auditor on business registration and licensing as conducted by BRELA, and how did the management responded
	Monitoring and Evaluation documents	
	Monitoring and Evaluation plans	To check whether BRELA planned and budgeted for self-Monitoring and Evaluation
	Monitoring and Evaluation reports	To check what are the findings and recommendations given in self-Monitoring and Evaluation of BRELA's activities and to what extent were they acted upon
Strategic/Administrative documents		
	Strategic Plans	To check the extent to which BRELA has considered aspects of time and procedures in its major plan when registering and licensing businesses
	Annual Plans and Reporting	To assess whether the plans were comprehensive to cover issues of business registration and licensing, and also to see if the reporting covered all aspect of business registration and licensing and challenges encountered
	Approved Medium Term Expenditure Framework (MTEF)	To know how much resources were allocated to facilitate the activity of businesses registration and licensing
Ministry of Investment , Industry and Trade	Monitoring and Evaluation plans	To check whether the Ministry as the overseer planned and budgeted for Monitoring and Evaluation of BRELA activities

Organisation	Name of Document	Reason
	Monitoring and Evaluation Reports	To check what were the findings and recommendations given by the Ministry for improving BRELA activities
	Assessment Reports	To check what weaknesses were identified by the Ministry to BRELA and remedial measures that were suggested
	Annual implementation reports	To check whether the Ministry reports in its annual reports, performance of BRELA activities

Source: *Auditors' Analysis on Reviewed Documents, 2021*

Appendix 5: List of Officials Interviewed and the Reason for Doing so

Institution	Official to be interviewed	Division/Section	Reason(s) for interview
BRELA	Registrar and Head of Section	Companies and Business Name Directorate	• To examine on how the Unit process and administer companies' incorporation/registration • To examine on how they manage records of incorporated and registered companies • To see how they Register, Process, and administer business names • To understand how the administer post registration process and manage records of a Business name
	Deputy registrar and Head of Section on License and Other Supporting Staff	Licensing Directorate	• To study down they register and issue Industrial License • To understand if they analyse and approve feasibility study submitted by prospective investor • To assess if they have managed to execute Industrial licensing inspection exercise in Tanzania Mainland • To see if they have liaised with other institutions on Industrial Licensing issues • To see if they have managed to undertake business licensing application approval committee meetings • Assessing the number of inspections done on business licensing

Institution	Official to be interviewed	Division/Section	Reason(s) for interview
			• To assess the number of licenses issued at National and International level • To assess the extent at which BRELA has monitored and evaluated all business licenses issued to cities, Municipals and LGAs
	Head of the Directorate of supporting Staff	Business Support Directorate	• To oversee if they have manged to coordinate operational issues related to BRELA and ensure appropriate interpretation of regulations • To evaluate coordination of Planning and Control of operations and Human Resource and Administration activities of the Agency • To design, develop, review and oversee the implementation of policies and strategies of Management, acquisition of working Tools goods and services • To see if they have managed to carry out annual appraisal of performance and oversee staff development • To see if they have managed to liaise with District and Regional Trade Office • Monitor the implementation of Client Service Charter
	Head of the Unit and supporting Staff	ICT and Statistics Unit	• To see the extent they have managed to advice the agency on issues pertaining ICT development

Institution	Official to be interviewed	Division/Section	Reason(s) for interview
			• To see if they have managed to design an ICT system for data collection processing analysis, storage and retrieval • If have managed to create backup policy • Monitor performance of system and network communication • Ensure the software and hardware are well installed and maintained
		Finance and Account	• Manage and coordinate day to day financial and accounting all revenue • Advice on the review of account system
		Public Relation Unit	• To see if they have managed to disseminate information to inform the public on policies, programs activities and reform undertaken • Formulate and implement publicity strategy and campaign • The extent the enquiry from the public is dealt
BRELA-Zonal Offices	Zonal offices of Mwanza and Mbeya	Zonal Registrars	• To assess the extent they have managed to undertake and facilitate business registration and licensing issues at the zone they are representing
Stakeholders(Industry and companies)	Selected companies and Industries representatives at	Stakeholders (Companies and Industries)	• To assess the level of cooperation present between companies industries and BRELA • To see if there is complaints in the whole process of registration and licensing

Institution	Official to be interviewed	Division/Section	Reason(s) for interview
	Mwanza and Mtwara		

Source: *Auditors' Analysis, 2021*