



REPUBLIC OF NAMIBIA



PERFORMANCE AUDIT FOLLOW-UP REPORT OF THE AUDITOR-GENERAL ON THE

DIRECTORATE CUSTOMS AND EXCISE

WITHIN THE

MINISTRY OF FINANCE

FOR THE FINANCIAL YEARS 2008, 2009, 2010 AND 2011

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my performance audit follow-up report of the Directorate Customs and Excise within the Ministry of Finance for the financial years 2008, 2009, 2010 and 2011 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, February 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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ABBREVIATION	EXPLANATION
AG	AUDITOR-GENERAL
DIRECTORATE	DIRECTORATE OF CUSTOMS AND EXCISE
OAG	OFFICE OF THE AUDITOR-GENERAL
OPM	OFFICE OF THE PRIME MINISTER
PAC	PUBLIC ACCOUNTS COMMITTEE
SACU	SOUTHERN AFRICAN CUSTOMS UNION
S&T	SUBSISTANCE AND TRAVELLING ALLOWANCE
WASCOM	WAGES and SALARIES COMMISSION
WCO	WORLD CUSTOMS ORGANISATION

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EXECUTIVE SUMMARY

The Auditor-General (AG) is authorised to carry out Performance audits in terms of Section 26 (1) (b) (iv) of the State Finance Act, (Act 31 of 1991) which reads as follows: (The Auditor-General) “may investigate whether any moneys in question have been expended in an efficient, effective and economic manner.” Performance auditing may be defined as examining whether government ministries are “*doing the right thing*” and utilising the resources “*in the right and least expensive way*”.

This report is on the Directorate Customs and Excise within the Ministry of Finance. The Directorate’s main objective is to contribute to the achievement of Government targets in the field of income re-distribution and to generate revenue for financing public expenditure through effective collection of customs levies and excise duties.

An initial report was done by the AG and published in August 2004. The Parliamentary Standing Committee on Public Accounts (PAC) then undertook fieldwork to collect information on the findings in the report and then drafted their own report, which was produced in October 2006.

Here are specific findings, conclusions and recommendations from this follow-up report on the current status on the implementations from both reports.

Findings:

- The required duties of all officers working at customs offices and border post visited were put in writing and issued to the respective officers.
- A feasibility study was not conducted to determine how many officers were needed in a specific area or location.
- Out of a total of 769 positions about 252 vacant positions existed at the time of the audit.
- The Directorate of Customs revised the structure. This structure made provision for an increase in the number of posts from 437 to 769 resulting in 332 new posts.
- The rotation policy is used interchangeably with transfer which is not inline with the Public Service Act.
- The Directorate did not have all the necessary equipment at all the ports of entry, however, they uses basic equipments.
- The Directorate bought 13 scanners for both cargos and baggage.
- The Ministry’s policy of issuing staff uniforms is outdated.
- The Directorate acquired two sniffer dogs.
- Not all customs officers in the regions have received the technical training on the use of ASYCUDA++.
- The Ministry planned to commence with the construction of Ariamsvlei and Noordoewer during the 2008/09 financial year, while the construction of Noordoewer, phase 1, is completed and have started with phase 2.
- A draft training policy is provided and it was not approved at the time of the audit.
- The Directorate has a database of staff members who received training but was not updated and complete.
- It’s was not possible to provide the basic training to new recruits before they are posted to their respective points of duties.
- All staff members who have been in the Directorate for more than five years have only received the basic training.
- The Directorate has a guideline that Customs officers follow when doing inspections or physical examinations.

- The cargos entering and leaving the country are recoded by the system (ASYCUDA++); i.e. the number of items and the description.
- The directorate created the Enforcement section at key ports of entry that specializes in physical examination of goods that was operational at the time of audit. The ASYCUDA++ system is programmed in such a way to select certain imports/exports for physical and documentary verification. The Directorate also acquired scanners for cargos and baggage.

Conclusions:

- The Directorate has identified duties of officers working at customs offices and border posts and is in writing.
- A feasibility study was not conducted.
- The recruitment process was slow in the Directorate.
- The Ministry has revised the structure of the Directorate and more staff are allocated to the ports of entry.
- The Directorate did not review the rotation policy.
- The acquisition of the necessary equipment for ports of entry has not been provided in full by the Ministry in order to operate more efficiently.
- Most of the key ports of entry have scanners installed which are operational.
- The policy of issuing staff uniforms was not revised.
- The Ministry task to detect and prohibit drugs and explosives with the acquired sniffer dogs are not done effectively
- Not all the officials at ports of entry received the basic skills on how to deal with the minor trouble shooting of the system. The system administrator did not regularly visits the ports of entry to provide much needed back-up services on ASYCUDA++ program.
- The construction of Ariamsvlei border post has not yet started while at Noordoewer border post, the construction has started.
- The Directorate of Customs and Excise only had a draft training policy at the time of the audit.
- The Directorate still has difficulty to determine which staff members received training or not due the incomplete and outdated training database.
- The Customs basic course has been prioritized by the Directorate, however, basic training was not provided to new recruits before they are posted to their respective points of duties.
- The Ministry budgets adequately for the trainings, however the majority of Customs officers who have been in the Directorate for more than five years only attended the basic training and very few attended the intermediate and advance training modules.
- A clear standard for physical examinations of cargos has been developed by the Directorate of Customs and Excise that is based on the Customs and Excise Act, 1998 (Act no. 20 of 1998).
- There is no formal document developed to record the number of cargos and passengers that passed specific point of entry and how many were examined.
- Physical examination of goods has been facilitated and supported by the creation of enforcement sections, acquisition of scanners and programming of the ASYCUDA++ system.

Recommendations:

- The Ministry should conduct a feasibility study to determine how many Officers are needed in a specific area or location.
- The Ministry should speed up the filling of vacant posts to ensure the smooth running of the Directorate.
- The Ministry should finalize the rotation policy in order to have effective rotation of staff members within the Directorate.
- The Directorate should supply all the required equipment to the ports of entry as this will enable them to operate more efficiently.
- The Ministry should ensure that utilization of the acquired sniffer dogs is effective in the detection of prohibited drugs and explosive.
- The Ministry should continue with the installation of the rest of scanners in order to facilitate the process of examining goods at such ports of entry.
- The Ministry should finalize the policy of issuing staff uniforms at the Directorate of Customs and Excise.
- The Ministry's ASYCUDA++ team should prioritize the basic technical training for Customs officials working at ports of entry. This will be helpful especially when there is a communication breakdown between ports of entry and the head office.
- The Ministry should speed up the process of acquiring spacious rooms for storing detained goods at Hosea Kutako International Air Port.
- The Directorate of Customs and Excise should finalise the development of the training policy.
- The Directorate should have a complete and updated database reflecting all the staff members that attended training.
- The Ministry should prioritize the training of customs officers up to the advanced level as this will enable them to operate more effective and efficiently.
- A formal document should be developed to record how many cargos and passengers passed a specific point of entry and how many were examined.

CHAPTER 1

1. INTRODUCTION

1.1 Historical background

A performance audit on the Directorate Customs and Excise within the Ministry of Finance (MoF) was completed and published during October 2004. The Auditor-General is mandated by Section 26 (1)(b)(iv) of the State Finance Act, 1991 (Act 31 of 1991) that reads as follows: (The Auditor-General) “may investigate whether any moneys in question have been expended in an efficient, effective and economic manner.”

The Parliamentary Standing Committee on Public Accounts (PAC) then undertook fieldwork during October 2006 to collect information and confirm the findings in the Auditor-General’s Report and drafted a report which identified issues that needed to be followed up. Hence, the Office of the Auditor-General (OAG) conducted a follow-up to evaluate whether the required changes have been implemented. The issues that were dealt with include findings spreading forth from the initial report of the Office of the OAG as well as issues that the PAC identified in their report. These findings and the evidence, conclusions and recommendations thereof, are presented in the subsequent chapters of this report.

Since independence, the Directorate Customs and Excise operated using the South African Customs Standards and Regulations until the time when the Customs and Excise Act of 1998 was published. The Directorate also had some changes when the Wages and Salaries Commission (WASCOM) recommendations were implemented. These recommendations mainly concentrated on the internal structures of Customs and Excise and the salaries associated with it.

The Republic of Namibia is a member of Southern Africa Customs Union (SACU) and is also a member of the World Customs Organization (WCO). The Common Customs Area countries are Namibia, Botswana, Lesotho, Swaziland and South Africa. In certain situations the customs Officers still refer to some of the South African manuals for assistance as they can relate to it.

A Revenue pool was established for SACU members. The idea behind it was to control the importation and exportations of goods within the common area and to apply the same control measures. The revenue collected is then distributed amongst the member Countries.

1.2 Design of the follow-up study

1.2.1 Time and geographical limits

The time-period under review was for three financial years from 2008-2011.

Apart from the Head Office; four (4) regions visited were: **Central** (Windhoek Regional Office, Hosea Kutako International Airport, Trans Kalahari border post, Gobabis regional office) **Southern** (Ariamsvlei border post, Noordoewer border post, Keetmanshoop regional office), **Northern** (Oshakati regional office, Oshikango border post) and **Western regions** (Walvisbay regional office).

1.2.2 Methods of data collection

The following methods were used for the collection of information:

1.2.2.1 Interviews

Head Office: Director, Deputy Director, Senior/Chief HR Practitioner (Customs), Customs Clerk(Logistics), Controller/Chief Customs (training), Chief Customs (ASYCUDA++).

Deputy Directors/Acting Deputy Directors, Chief Customs Officers as well as Customs and Excise Officers were interviewed at the respective regions visited.

1.2.2.2 Documents

- Staff establishment for the Directorate of Customs and Excise;
- Draft training policy for the Directorate;
- Ministry' annual report of 2008-2009;
- Training calendar of the Directorate;
- Standard instructions no. 27 for the uniforms and clothing;
- Namibia Customs Scanner Project report of February 2010 and March 2012;
- Ministry's response on PAC report;
- Job descriptions of customs officers;
- List of equipment needed at the entry points;
- WCO report of November 2010;
- Code of conduct;
- Definitions based on Customs and Excise Act, 1998 (Act no. 20 of 1998); and
- Customs and Excise rules.

1.2.2.3 Physical observations

Physical observations were conducted at all offices visited to determine the availability of necessary equipment, cleanliness of the working places and other problems experienced by the Directorate such as office and warehouse spaces and the environment on which customs officers were operating.

CHAPTER 2

2. FINDINGS

This Chapter presents the findings on the progress of implementation of the recommendations of the AG and the PAC's reports of 2001 and 2006 respectively.

2.1(a) The AG recommended that the required duties of any officer working at the Customs Offices or Border posts should be established and put in writing

The audit observed through document reviews that the required duties of all officers working at customs offices and border post visited were put in writing and issued to the respective officers. Job descriptions were issued on appointment or when a customs officer is assigned with new functions. The Directorate also revised the job descriptions. Duty sheets analysed at offices visited were for data input, cashier/head cashier, data assessing officer/data assessor, inspector of EPZ/bonded ware house/state warehouse and counter/checking officer.

The audit concluded that the Directorate has identified duties of officers working at customs offices and border posts and has put it in writing as recommended by the AG.

2.1 (b) A feasibility study should be conducted to determine how many Officers are needed in a specific area or location

A feasibility study was not conducted. However, the Ministry has a new structure that was approved during 2009/10, thus the number of officers working at different offices has increased, and this was as a result of input from the Regional Deputy Directors and the staff from the office of the Prime Minister who facilitated the review exercise.

The audit concluded that a feasibility study was not conducted.

Managements' comments

"We confirm the conclusion of the audit that the feasibility study was not conducted and that an expanded organizational structure was approved in 2009 with consultation of the Regional Deputy Directors and the facilitation of the OPM.

However, we also confirm that the World Customs Organisation (WCO) and IMF Afritac South to which Namibia Customs and Excise is a contracting member, sent missions during 2010, 2011 and 2012 respectively to Namibia that carried out assessments of the Customs organizational requirements and made valuable recommendations that the Ministry has adopted.

The WCO and IMF Afritac South assessments address the recommendations of both the AG and PAC considerably albeit not wholly. Taken together with the new Namibia Customs Strategic Plan (2011 – 2016) and inputs of the Regional Deputy Directors and their management, the recommendations are being used to prepare a comprehensive Organisational structure for Customs and Excise envisaged to be submitted in 2013/2014 financial year for consideration and possible approval."

2.2 The AG recommended that the employment statistics of the current staff establishment should be accurate at all times. This will enable the Directorate to determine the number of officers employed, their distribution location and shortages

The audit observed that the Directorate does have employment statistics of the current staff establishment.

2.3.1 It was recommended by the AG that since the introduction of the new staff establishment it is important to fill all the vacancies to ensure the smooth running of the Directorate

2.3.2 It was also recommended by the PAC that the Ministry activates and fills vacant positions as a matter of priority to relieve the workload on the limited number of staff, particularly at the Ariamsvlei border post and the Hosea Kutako International Airport. This will in turn reduce the time spend at the ports of entry waiting for the completion of documentation and cargo inspections

The Ministry has a new structure that was approved and implemented during 2009/10. During the audit it was found that out of a total number of 769 positions about 252 vacant positions existed, which is about 33 %. Furthermore, out of the 252 vacant positions about 73 were interviewed and the Ministry awaited response from the Office of the Prime Minister (OPM), while eight (8) posts were advertised.

According to the audit, shortage of staff was noted at Keetmanshoop Regional Office, Ariamsvlei Border, Noordoewer Border, Oshakati Regional Office and Walvis Bay Regional Office.

According to the minutes of the Customs Management Meeting dated **10/02/2011**, the budgetary provision was made for all posts in the new structure but money was sent back to the Treasury due to the delay in the recruitment process.

The audit concluded that the recruitment process was slow in the Directorate.

Managements' comments

“The Ministry confirms that more than three quarters of vacancies on the approved establishment have been filled.

The balance of one quarter is advertised, interviewed for and recommended for approval by the Office of the Prime Minister while some are due for advertisement in the next Public Service Circular in the last quarter of 2012/2013 financial year.”

2.4 It was recommended by the PAC that the Ministry revises the current structure of the Directorate Customs and Excise to provide for more staff members per shift, and more staff members be allocated to the port of entry which has the highest influx of people and cargo

Through document analysis the auditors observed that the Directorate of Customs revised its structure. The new structure was approved on 22 April 2009 and the implementation thereof has started. This structure made provision for an increase in the number of posts from 437 to 769, resulting in new 332 additional posts. As a result more customs officers were allocated to the port of entry which has the highest influx of people and cargo. See table below:

Duty Station with high influx	Old structure	New structure	Difference
Hosea Kutako Airport	42	52	10
Noordoewer border post	27	45	18
Ariamsvlei border post	27	45	18

Table 1: Ports of entry with the highest influx of people and cargo.

Apart from an increase in the number of customs officers, the new structure makes provision for posts of the Deputy Director for each Region, specialized posts such as accountants and statisticians at head office. Positions of laborers, drivers and cleaners were also provided for at various Offices.

According to the new structure the audit concluded that the Ministry has revised the structure of the Directorate and more staff are allocated to the ports of entry.

Managements' comments

"We confirm the conclusion of the audit."

2.5 The PAC recommended that the Ministry reviews the rotation of staff members in order to be systematic, periodic and orderly

The audit revealed that the Directorate did not review the rotation policy. Currently staff members are rotated within the respective duty stations. Previously these rotations in some cases also involved change of the duty stations of the staff members and had financial implications i.e. payment of subsistence and travelling allowances (S&T). According to the minutes of the Customs Management Meeting dated 10/02/2011, rotation was normally used interchangeably with transfer which is not in line with the Public Service Act. Therefore the Ministry could not go further with the rotation of staff members.

The audit concluded that the Directorate did not review the rotation policy.

Managements' comments

"We confirm that the Ministry has not reviewed the Rotation Policy; however, it has stopped the rotation of staff to other duty stations within the region other than the duty station to which the staff members were initially appointed. It is this process that needed to be cleared systematically and has kept the Ministry busy as it was widespread countrywide. The process is ongoing as it involves investigations in some cases."

2.6 The PAC recommended that the Ministry makes necessary relief arrangements for replacement of staff members who are placed under temporary suspension while their cases are being investigated

According to the Ministry' response on PAC report of 2007 with regards to the senior officials (3BL1, 3AL2 and 2CL1), provision were made that someone is always appointed in an acting capacity to offer relief on the workload. On the lower rank officials, those that are remaining in office equally share the workload.

The audit revealed that, there were five customs officers placed under temporary suspension during the three financial years under review. Three out of five posts were for senior officials while two positions for junior officials.

Furthermore, interviews with officials revealed that this practice is more efficient whereby no additional costs are spend.

The audit further revealed that relief arrangements are not done for lower rank officials, but available staff members are compelled to share the work load during the period when someone is on temporary suspension due to the cost involved in hiring new employees.

Managements' comments

“The Ministry confirms the conclusion of the audit.”

2.7.1 It was recommended by the AG that a list of equipment necessities should be drawn up in consultation with officers serving at the ports of entry to determine the most essential equipment needed

2.7.2 The AG recommended that the acquisition of the newly identified equipment should be done as soon as possible to enable customs officers to be efficient

The list of necessity equipment was provided to the auditors from the head office. There was no further evidence whether the list was drawn up in consultation with officers working at ports of entry.

The Directorate did not have all the necessary equipment at all the ports of entry, however they do possess basic equipment as indicated in annexure 1. Apart from items on the list, regional offices or border posts have identified some equipment that were needed at their respective offices more especially the CCTV camera for state warehouses.

The Windhoek regional office is lacking equipment like the torch and calculators.

The Hosea Kutako international airport is lacking equipment like the tariff books for classification of goods. The Airport requested for two (2) copier machines and only one was provided.

At Trans Kalahari border post, Noordoewer and Keetmanshoop regional office, the acquisition process of equipment is taking too long; a year can pass by without receiving any feedback on requested equipment. While at Aramsvlei border post, officials says there is a need for speed humps.

The Walvis Bay office is in need of a scale and a scanner machine for documents that need to be scanned.

The Oshakati office is lacking a scale for cattle when they need to charge animal levies per kg.

The audit concluded that the acquisition of necessity equipment for ports of entry as indicated in Annexure1 have not been provided in full by the Ministry in order for the Directorate to operate more efficiently.

Managements' comments

“The Ministry confirms that a list of necessity equipment was provided to the Auditors from Head Office. The list is indeed compiled with the input of operational staff.

The Directorate has procured and deployed requisite equipment essential to assist Customs and Excise Officers perform their duties. The Directorate continues to automate its operations by migrating to the new technology of ASYCUDA World – the Customs Management system, including the provision of modern security equipment.

Critical ports of entry such as the Hosea Kutako International Airport has been provided with Tariff books which are regularly updated both manually and electronically. Existing photocopier

equipment has been rationalised to ensure ports of entry including HKIA are supplied with a second machinery to expedite support services.”

2.8 It was recommended by the PAC that the Ministry expedites the process of procuring scanning machines for ports of entry as it is of cardinal importance for the International Airport

The Ministry established the Namibia Customs Scanner Project. According to this project’s report dated March 2012, the Directorate bought 13 scanners for both cargo and baggage and to be installed at key entry points. However, seven scanners have been installed while the rest of the scanners were in the process to be installed. The key ports of entry selected for scanners were; Oshikango border, Wenela border, Trans Kalahari border, Noordoewer border, Ariamsvlei border, Walvis Bay harbour, Walvis Bay airport, Hosea Kutako Airport (baggage and cargos), Eros Airport (cargos and baggage) and Trans Namib Container Terminal. See annexure 2.

The audit concluded that most of the key ports of entry have scanners installed which are operational.

Managements’ comments

“The Ministry confirms the conclusion of the audit. However, the scanner intially earmarked to Trans Namib Container Terminal will now be installed at the Windhoek central Post Office. The change is necessitated by the consideration of preventing incurring additional costs in respect of the re-configuration of the procured scanner to scan large containers at Trans Namib than the small sized pellets normally processed at the Windhoek Post Office.”

2.9 The PAC recommended that the Ministry as a matter of urgency repairs the broken scanning machine at the Hosea Kutako International Airport

According to the audit, previous scanning machine at Hosea Kutako International Airport was replaced with new scanners. According to the scanner project’s report of March 2012, the installation of new scanner machine for baggage was done during 2010, thus the old machine has been replaced. In addition to the new baggage scanner, a cargo scanner was installed at the airport as the old baggage machine was not economically viable to repair.

The audit concluded that the baggage scanner machine at Hosea Kutako International Airport was replaced.

Managements’ comments

“The Ministry confirms that the old scanner at Hosea Kutako International Airport was replaced with a new one.”

2.10 The PAC recommended that the Ministry reviews the policy of issuing staff uniforms

The Ministry’s policy of issuing staff uniforms is outdated and the Ministry was still trying to benchmark with the Ministry of Home Affairs at the time of the audit. According to interviews Customs officers were issued with uniforms at least once a year and on appointment.

The audit concluded that the Policy of issuing staff uniforms was not revised.

Managements' comments

“The Ministry confirms that the Uniform Policy is being revised.”

2.11 The PAC recommended that the Ministry considers acquiring sniffer dogs again, as it is crucial to detect prohibited drugs and explosives

The audit revealed through the annual action plan 2011/12 document that the Directorate has acquired two sniffer dogs under the responsibility of Custom officers and dog handlers. They are tasked to effectively utilize these sniffer dogs to minimize drug trafficking by conducting regular visits to the border control points and courier service on a continuous basis. However, interviews indicated that the Directorate could not use these dogs effectively because of a lack of manpower as the two Customs Officers responsible were not always available due to other commitments.

The audit concluded that the Ministry acquired sniffer dogs in the Directorate as recommended by PAC. The use of the dogs' task to detect and prohibit drugs and explosives are effectively.

Managements' comments

“In addition to the two sniffer dogs, the Ministry is in the process of acquiring 25 additional dogs for deployment across the country. Additionally, a new programme to enhance the utilization of two dogs is being prepared to strengthen the capacity of Namibia Customs and Excise to effectively detect and intercept illicit trade.”

2.12 It was recommended by the PAC that the Ministry's systems administrator/s visit/s the ports of entries regularly to provide much needed back-up services on the ASYCUDA ++ programme, as it occasionally goes out of order, which the officials attributed to long period of use without it being checked by an expert

The technical training on ASYCUDA ++ took place during November 2006. 64 Customs Officers from six regions received the technical training on the use of ASYCUDA++. The aim of this training program was to equip the staff at the border posts with the basic skills to remedy minor technical errors of the ASYCUDA++ Software.

The Ministry has a centralized database in Windhoek, therefore the system administrator is required to visit each region three times a year to maintain the system and also on the request when there are system errors at the regions. The auditors could not determine whether the system administrator visits the regions as required due to the nonexistence of a program.

According to information obtained through interviews not all customs officers in the regions have received the technical training. Whenever they experience problems they usually call the head office for assistance and the problem can be solved telephonically.

The audit concluded that customs officials at ports of entries communicate telephonically to the ASYCUDA++ team at the head office whenever they experience problems with ASYCUDA++ system. This is because not all the officials at ports of entry received the basic skills on how to deal with the minor trouble shooting of the system. It is further concluded that the system administrator did not visit the ports of entry to provide much needed back-up services on ASYCUDA++ program as it occasionally goes out of order.

Managements' comments

“All officers of Customs and Excise were trained in preparation for the implementation of ASYCUDA++. The targeted training on ASYDUC++ is being complimented by functional training which has dedicated sessions in its training programmes.

Similarly, officers in each region were identified and trained in troubleshooting of the system in case of minor repairs and elementary technical faults occurring complimentary to the systems support rendered by the system administrators.

The technical team (system Administrators) visits the regions and their respective offices on a quarterly basis in addition to the telephonic support cited by the audit report.”

2.13 The PAC recommended that senior officials in the Ministry sensitize staff members on the importance of maintaining a clean and tidy environment at all times

At all the regional offices and ports of entry visited there is 1 cleaner/labourer employed and all offices were clean.

The audit concluded that clean and tidy environment at the work place is maintained in the Directorate of Customs and Excise.

2.14 The PAC recommended that the Ministry reviews the transport arrangements for staff members to ensure that staff members are picked up timely, thereby avoiding officers to work more hours than required by law

According to the audit, there were only three (3) out of nine (9) offices visited where official are transported with Government vehicles to and from work, which are; Hosea Kutako international Airport, Keetmanshoop regional office and Walvis Bay Airport. The Hosea Kutako, Keetmanshoop regional office and Walvis Bay staff do not experience any transport problems.

The audit concluded that officials are picked up on time to and from work at the offices visited.

Managements' comments

“The Ministry confirms the conclusion of the audit in respect of the status of transport arrangements at the offices visited by the audit team.

The Ministry also confirms that 22 housing units have been constructed and are now occupied at Hosea Kutako International Airport, this in an effort to address the likelihood of any delays arising from the transportation of officers between Windhoek and HKIA.”

2.15.1 The PAC recommended that the Ministry of Finance considers redesigning and reconstructing a completely new port of entry at Ariamsvlei as a matter of urgency. The port of entry provides the first impression to any visitor entering the country; therefore the building needs to be refurbished to add some glamour and a welcoming disposition

2.15.2 The PAC recommended that the port of entry at Ariamsvlei should be fenced off and the new facilities should include an area for physical examinations of cargo and rooms for bodily search and luggage inspections

According to the Ministry's response and summary of development expenditure (2007-2010), the Ministry had a plan to commence with the construction of Ariamvlei and Noordoewer during the financial year 2008/2009.

According to information obtained through interviews and physical observation, the construction of Ariamsvlei border post has not started because of the unavailability of land for construction. The Ministry still has to decide whether the border should be moved closer to the South African border post or whether it should be kept and improve the infrastructure where it currently is. However, during the audit officials were still operating in the same building that has no area for conducting physical examinations. The only improvement at the Ariamsvlei border was the fencing off of the border that was not completed at the time of the audit, as it only covers a small portion of the border post.

The construction of Noordoewer, phase 1 is completed and has started with phase 2 as indicated in Figure 1.



Figure 1: Construction work at Noordoewer border post during June 2012

Managements' comments

“The Ministry confirms that it planned to construct new border posts at both Ariamsvlei and Noordoewer simultaneously; however only the Noordoewer border post is being constructed now as part of phase 2.

Construction of the Ariamsvlei border post is delayed on account that an investigation is carried out to inform whether the border would move closer to the South African border or it remains at the current location. The Ministry of Home Affairs and Immigration is the lead Ministry and spearheads the investigation and is expected to report back to Cabinet.

However, a principal decision has been given to construct and install the scanner equipment at the current border post. Additional land has been secured for this process and construction work is expected to commence during the last quarter of 2012/2013 financial year.

In the meantime the Ministry has renovated the office facility and added two new public ablution facilities to the existing facility.”

2.16 The PAC recommended that the Ministry in co-operation with the Namibian Airports Company acquires more spacious rooms for storing detained goods at the Hosea Kutako International Airport

According to the audit, the Ministry did acquire spacious room for keeping detained goods at Hosea Kutako International Airport.

The audit concluded that the Directorate did acquire more spacious rooms (from a private developer) for keeping detained goods at Hosea Kutako International Airport but not with the NAC as recommended.

Managements’ comments

While the recommendation of the PAC was ‘to acquire more spacious rooms for storing detained goods at HKIA in co-operation with NAC’, the Ministry confirms that additional storage facility has been secured but with a private developer at the airport since NAC has no space available for this purpose.”

2.17 The AG recommended the training policy should be completed, approved and implemented as soon as possible.

A draft training policy was provided. According to the World Customs Organization (WCO) report dated 22-26 November 2010, the draft training policy was not implemented.

The audit concluded that the Directorate of Customs and Excise only had a draft training policy at the time of the audit.

Managements’ comments

“The Training Policy is being revised and updated to bring it to date with new developments and is expected to be completed before the end of 2012/2013 financial year.”

2.18 The AG recommended that a database of all staff members who received training should be established in order to determine who has not received training.

The Directorate has a database of staff members who received training but it is not updated and is incomplete.

The audit concluded that the Directorate still has difficulty to determine which staff members received training or not due the incomplete and outdated training database.

Managements' comments

“The Training database is being reviewed with a view to bringing it up to date with training received by officers including updating it with new training being received by all officials.”

2.19 The PAC recommended that the Ministry priorities the training of staff members and ensures that all new recruits receive the basic training first before they are posted to their respective points of duties

According to the Ministry's response, it's not possible to train new staff members first before they received the training because they are recruited in small numbers e.g. one (1) or two (2) officers can be appointed at a given time. Therefore, it is the requirement that a normal class for the basic course should have at least 15 participants in order to take place. As a result, recruited Customs officers only received the orientation before they are posted to their respective duty stations. They received on-job training at their duty stations until such time that they are called up for the basic course.

The information obtained through documents indicated that, most staff members who have been in the Directorate, received the basic training after they were posted.

The audit concluded that customs basic course has been prioritized by the Directorate, however, it has not been possible to give basic training to new recruits before they are posted to their respective points of duties.

Managements' comments

“The Ministry confirms the conclusion of the Audit.”

2.20 The PAC recommended that the Ministry budgets adequately for training purposes, to avoid situations where training schedules have to be cancelled completely for the whole financial year due to a lack of funds. The heads of the Directorate should ensure that at least staff members who have been in Directorate of Customs for more than five years have undergone all three phases of training

According to the Ministry's response, the provision of budget is adequate and there were no trainings cancelled due to lack of funds.

The audit found through interviews and document analysis that not all staff members that have been in the Directorate for a period of more than five years attended all the 3 training modules as indicated in table 2. From the total number of 60 staff members who are employed for more than five years in the Directorate only 47% of staff members in a supervisory capacity attended the Intermediate module and only 15% attended the Advance module.

Table 2: The number of staff members employed for more than five years in the Directorate of Customs and Excise.

	Number of staff member	Training received		
		Basic module	Intermediate module	Advance module
Trans Kalahari	19	19	7	0
Keetmanshoop	4	4	1	1
Ariamsvlei	7	7	4	2
Noordoewer	4	4	2	0
Oshikango	22	22	10	5
Oshakati	4	4	4	1
Total	60	60	28	9

The audit concluded that the Ministry budget adequately for the trainings, however the majority of customs officer only attended the basic training and less attention is given to the intermediate and advance training modules.

Managements' comments

“The Ministry confirms the conclusion of the audit, however, adds that for supervisors and mid-level managers other targeted programmes are being offered to grades of Chief Customs and Excise officers, Control Customs and Excise officers and Deputy Directors.

Testimony to this is that 20 managers have received Leadership Development Management Programme (LDMP), 4 mid-level to top management received NIPAM's Middle and Senior Management Development programmes, 5 supervisors to mid managers have received training on Trade facilitation and Rules of Origin and are expected to complete projects to support their mainstreaming into the Directorate's delivery of its strategic objectives.”

2.21 The AG recommended that a clear standard for the frequency of inspections or physical examinations should be established

The Directorate has a guideline that Customs officers follow when doing inspections or physical examinations.

The audit found through information collected from interviews and observations that customs officers do inspections when goods are stopped by the ASYCUDA ++ system. Some regions/offices rely on the scanners for examinations and inspections. Mostly physical examination and inspections are done on random bases, or through risk profiling and suspicions.

The audit concluded that a clear standard for physical examinations of cargos has been developed by the Directorate of Customs and Excise that is based on the Customs and Excise Act, 1998 (Act 20 of 1998).

Managements' comments

“The Ministry confirms the conclusion of the audit. In addition to the information submitted to the Audit team, it is also mandatory that an Inspection Act is completed for any inspection conducted.”

2.22 The AG recommended that a document should be developed to record how many cargos and passengers passed a specific point of entry and how many were examined

The border posts are keeping registers where Customs officers only record the number of commercial vehicles that passed a specific border post. However, cargos entering or leaving the country are recoded on the system (ASYCUDA++), i.e the number of items and the description. The audit revealed that the Namibian immigration officials are responsible for recording of passengers in and out of the Country.

Examined cargos are recorded on the inspection sheets and those borders with scanner produces scanner reports indicating suspicious items that needs further examinations.

The audit concluded that there is no formal document developed to record the number of cargos and passengers that passed through a specific point of entry and how many were examined.

2.23 The AG recommended that the physical examinations of goods are an integral function of the directorate and should therefore be facilitated and supported to enable the officers to carry out this very important duty efficiently and effectively

The creation of the Enforcement section at key ports of entry that specializes in physical examination of goods is operational.

The ASYCUDA++ system is programmed in such a way to select certain imports/exports for physical and documentary verification.

The Directorate also acquired scanners for cargos and baggages. Any suspicious image from the scanner requires that a physical examination be conducted to verify such goods by the enforcement section.

The audit concluded that physical examination of goods has been facilitated and supported by the creation of enforcement sections, acquisition of scanners and programming of the ASYCUDA++ system.

Managements' comments

“The Ministry confirms the conclusion of the Audit report. Additional to the conclusion, the Ministry has established Risk Management units at both Head Office and regional offices that provides intelligence for detection, profiling, targeting and selection of suspicious cargos and related smuggling trends.

The Risk Management units also develop and monitor, in addition to the system profiles other manual profiles that are executed and eventually fed into the system. The centralized Risk management unit also monitors the system profiles and ensures those that have become obsolete are removed from the system and new ones loaded onto the system.”

CHAPTER 3

RECOMMENDATIONS

Based on the conclusions of the follow-up audit findings, the Ministry has implemented 56% while 44% has not been implemented at the time of the audit. Therefore the AG recommends the following:

1. The Ministry should conduct a feasibility study to determine how many Officers are needed in a specific area or location.
2. The Ministry should speed up the filling of vacant posts to ensure the smooth running of the Directorate.
3. The Ministry should finalize the rotation policy in order to have effective rotation of staff members within the Directorate.
4. The Directorate should supply all the required equipment to the ports of entry as this will enable them to operate more efficiently.
5. The Ministry should ensure that utilization of the acquired sniffer dogs is effective in detection of prohibited drugs and explosive.
6. The Ministry should continue with the installation of the rest of the scanners in order to facilitate the process of examining goods at such ports of entry.
7. The Ministry should finalize the policy of issuing staff uniforms at the Directorate of Customs and Excise.
8. The Ministry's ASYCUDA++ team should prioritize the basic technical training for customs officials working at ports of entry. This will be helpful especially when there is a communication breakdown between ports of entry and the head office.
9. The Ministry should speed up the process of acquiring spacious rooms for storing detained goods at Hosea Kutako International Air Port.
10. The Directorate of Customs and Excise should finalise the development of the training policy.
11. The Directorate should have a complete and updated database reflecting all the staff members that attended trainings.
12. The Ministry should prioritize the training of customs officers up to the advanced level as this will enable them to operate more effective and efficiently.
13. A formal document should be developed to record how many cargos and passengers passed a specific point of entry and how many were examined

ANNEXURE 1

	Hosea Kutako International Airport	Trans Kalahari border post	Noordoewer border post	Ariamsvlei border post	Keetmanshoop Regional Office	Oshakati Regional Office	Oshikango border post	Walvis Bay harbour
Identified necessary equipment	Availability (Yes/No)	Availability (Yes/No)	Availability (Yes/No)	Availability (Yes/No)	Availability (Yes/No)	Availability (Yes/No)	Availability (Yes/No)	Availability (Yes/No)
Bolt cutter	No	Yes	Yes	Yes	Yes	Yes	No	Yes
Weigh scale	No	No	No	No	Yes	No	Yes	No
Forklift	No	No	No	No	No	No	Yes	Yes
Ladder	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Camping equipment	No	No	No	No	No	No	No	No
Quad bike	No	No	Yes	Yes	No	No	No	No
Safety equipment	No	Yes	Yes	No	Yes	Yes		
Scanner machine	Yes	Yes	Yes	No	No	Yes	Yes	Yes

Table 3: Observations made at all the offices/border posts visited

ANNEXURE 2

Port of entry	Status of the project	Comment
Oshikango Border	Completed	Operational
Wenela Border	Completed	Operational
Noordoewer Border	Completed	Operational
Trans Kalahari Border	Completed	Operational
Ariamsvlei Border	Uncompleted	To be installed
Walvis Bay Harbour	Uncompleted	To be installed
Hosea Kutako (cargos)	Completed	Waiting for radiation license
Hosea Kutako (baggages)	Completed	Operational
Walvis Bay Airport	Completed	Operational
Eros Airport (baggages)	Uncompleted	To be installed
Eros Airport (Cargos)	Uncompleted	To be installed
Trans Namib Container Terminal	Uncompleted	To be installed

Table 4: Ports of entry selected for the installation of scanners.