

REPORT OF THE AUDITOR-GENERAL

ON A PERFORMANCE AUDIT OF THE IMPORT INSPECTION SERVICES

AT THE

DEPARTMENT OF AGRICULTURE

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TABLE OF CONTENTS

TITLE	PAGE
1. Purpose and content of the report	1
2. Auditing concepts and approach	1
2.1 Background	1
2.2 Modus operandi	2
3. Scope	2
4. Overview	3
4.1 Biosecurity and biosafety	3
4.2 Import inspection services	3
5. Key findings, possible areas for improvement as well as comments of the accounting officer:	5
5.1 Access to information	5
5.2 Number of inspectors	8
5.3 Skills and experience	12
5.4 Equipment and infrastructure	14
5.5 Management information	16
5.6 Record keeping	16
6. Appreciation	18

GLOSSARY

APIS	Agricultural Product Inspection Services (South Africa)
BCOCC	Border Control Operational Coordinating Committee
Customs	SARS customs and excise
D: ICT	Directorate: Information and Communication Technology
DoA	Department of Agriculture
ISODA	Import System of Department of Agriculture (Import Application System)
JIA	The then Johannesburg International Airport
PAA	Public Audit Act
SARS	The South African Revenue Service
SOP	Standard Operating Procedures

REPORT OF THE AUDITOR-GENERAL ON A PERFORMANCE AUDIT OF THE IMPORT INSPECTION SERVICES AT THE DEPARTMENT OF AGRICULTURE

1. PURPOSE AND CONTENT OF THE REPORT

- 1.1 The purpose of this report is to facilitate public accountability by bringing to the attention of Parliament the findings of the performance audit of import inspection services conducted at the Department of Agriculture (DoA).
- 1.2 The content of the report is based mainly on the requirements in terms of sections 5(3), 15 and 20(3) of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and the Auditor-General Directive No. 1 of 2005, issued in terms of section 13 of the PAA.
- 1.3 Sufficient audit work was performed to provide substantiating evidence for the findings set out herein. Where deemed appropriate, comments received from the accounting officer have been reflected in the text.
- 1.4 It is anticipated that this report would give rise to corrective steps that would contribute constructively to the establishment and implementation of appropriate management measures and controls, and consequently to improved value for money.

2. AUDITING CONCEPTS AND APPROACH

2.1 BACKGROUND

- 2.1.1 The auditing of government institutions is based on the premise that it is the responsibility of the accounting officer to institute measures to ensure that resources are procured economically and utilised efficiently and effectively.
- 2.1.2 The responsibility for instituting these management measures rests with management. The primary objective of performance auditing is to confirm independently that these measures do exist and are effective, and where applicable, to provide management, Parliament and other legislative bodies with information on shortcomings in management measures and examples of the effects thereof by means of a structured reporting process.
- 2.1.3 The Auditor-General's function is not to question policy. It is, however, its responsibility to audit the effect of policy and the management measures that lead to policy decisions.

2.2 MODUS OPERANDI

- 2.2.1 Performance audits are conducted in accordance with the internal guidelines for the planning, execution, reporting and follow-up of performance audits conducted in the public sector.
- 2.2.2 After consensus on the factual correctness of the findings in the management report was reached during a steering committee meeting, the findings were brought to the attention of the accounting officer on 30 October 2006. The accounting officer's comments were received on 18 January 2007. Further discussions were held with the department and final comments were received on 16 February 2007 and, after having been analysed, were incorporated in the report.

3. SCOPE

- 3.1 The performance audit of import inspection services at the DoA focused on the management measures in place to maintain efficient, effective and economical control over animal and plant diseases and pests in South Africa, in order to ensure biosecurity and food safety and to promote public health. The focus areas identified were human resource management, capacity, risk analysis and the information systems used for import inspection purposes.
- 3.2 The period under review extended from 1 September 2004 to 28 February 2006, unless otherwise stated.
- 3.3 In conducting the performance audit, reliance was placed on documentation, other information provided by the department, as well as on information obtained via the interviews conducted and observation of inspections at the following ports of entry:

- Beit Bridge land border post
- Oshoek land border post
- The then Johannesburg International Airport (JIA)
- Port Elizabeth Harbour
- Cape Town Harbour

It should be noted that the legislative mandate of the Agricultural Product Inspection Services (APIS) does not specify that it should integrate with the Customs and Excise System. The relevant data on controlled agricultural imports was, however, extracted with reference to the list of prohibited and restricted goods received from the Customs and Excise System to identify controlled agricultural imports per selected port of entry for further testing. The Customs and Excise System was not tested for accuracy and no reliance was placed on the data.

APIS was requested to identify high-risk products and high-risk countries for the purpose of selecting relevant samples for the audit. The high-risk products and countries were identified from the Customs tariff code book for each of the relevant ports of entry.

4. OVERVIEW

4.1 BIOSECURITY AND BIOSAFETY

4.1.1 Pests and diseases can damage the national economy by affecting the volume and value of South Africa's imports and exports and harming the country's reputation as a provider of a healthy and sustainable supply of products. The importation of products carrying diseases or pests, whether illegally or as a result of procedures not being followed, could seriously harm the health of South Africa's human population, as well as of our animals and plants.

4.1.2 Globalisation, free trade agreements and transportation technologies have increased the risk of the introduction of exotic and invasive species into South Africa. Recent international sanitary and phytosanitary crises involving bovine spongiform encephalopathy, foot-and-mouth disease, karnal bunt, *bactrocera invadens* and avian influenza provide ample evidence of this new trend. In particular, the current avian influenza crisis demonstrates the extent to which a serious sanitary event affecting the animal kingdom can have global consequences, both for the rural economy and for food security, while causing health threats to the public. The increasing outbreaks of pests and diseases nationally and internationally demand effective systems and investment in research.

4.2 IMPORT INSPECTION SERVICES

4.2.1 APIS is a directorate within the DoA's National Regulatory Services Programme and its responsibilities, together with other directorates in this programme, include rendering agricultural inspection services at designated ports of entry on regulated agricultural products and controlling risks that relate to biosecurity, biosafety, product quality and intellectual property rights. Regulated agricultural products include plants, plant products, animals and animal products, agricultural production input such as fertilisers and pesticides, as well as bio-organisms.

4.2.2 APIS is a relatively newly established directorate, which became functional in 2005 due to a change in government priorities in terms of border security threats, as espoused by the President of the Republic of South Africa during the 2003 State of the Nation Address. The DoA was not geared for the drastic changes in international trade related to imports that came after April 1994. The personnel needs for border inspection were only addressed in 1998, but only six posts were

then created for 54 land borders. Subsequently, 54 posts were allocated to land borders, with plans to have 140 officials stationed at land borders when fully fledged. The seaport component is envisaged to have 40 posts (currently 15) while airports will have a staff complement of 102 (currently 42).

4.2.3 The Border Control Operational Coordinating Committee (BCOCC) is a cabinet-tasked committee that is responsible for the strategic management of ports, which includes the infrastructural needs at these ports. The BCOCC originated from the 2003 State of the Nation Address, in which the President of the Republic of South Africa identified inadequate border security as a threat to South African stability. Border security threats include threats related to biosecurity. The DoA is a member of the BCOCC and actively participates in the three spheres of BCOCC governance.

4.2.4 Legislation requires importers to declare controlled agricultural imports. Except where the controlled goods are exempted from an import permit through legislation, importers have to apply for a permit to import a certain commodity from a particular country. The DoA approves the import and issues a permit, subject to certain conditions. In some cases, the permit will include information on the requirements for obtaining the country of origin's health or phytosanitary certificate. The export department of the country from which the goods are imported issues a health or phytosanitary certificate. A copy of the permit and the health or phytosanitary certificate accompany the commodities to a predetermined port of entry in South Africa. On arrival, the client presents the original permit and the health or phytosanitary certificate at the port of entry where the documentation is checked by the DoA inspectors. Consignments are checked to determine whether they can be allowed into South Africa or whether they must first be treated, be refused entry, or be destroyed.

5. KEY FINDINGS, POSSIBLE AREAS FOR IMPROVEMENT AS WELL AS COMMENTS OF THE ACCOUNTING OFFICER

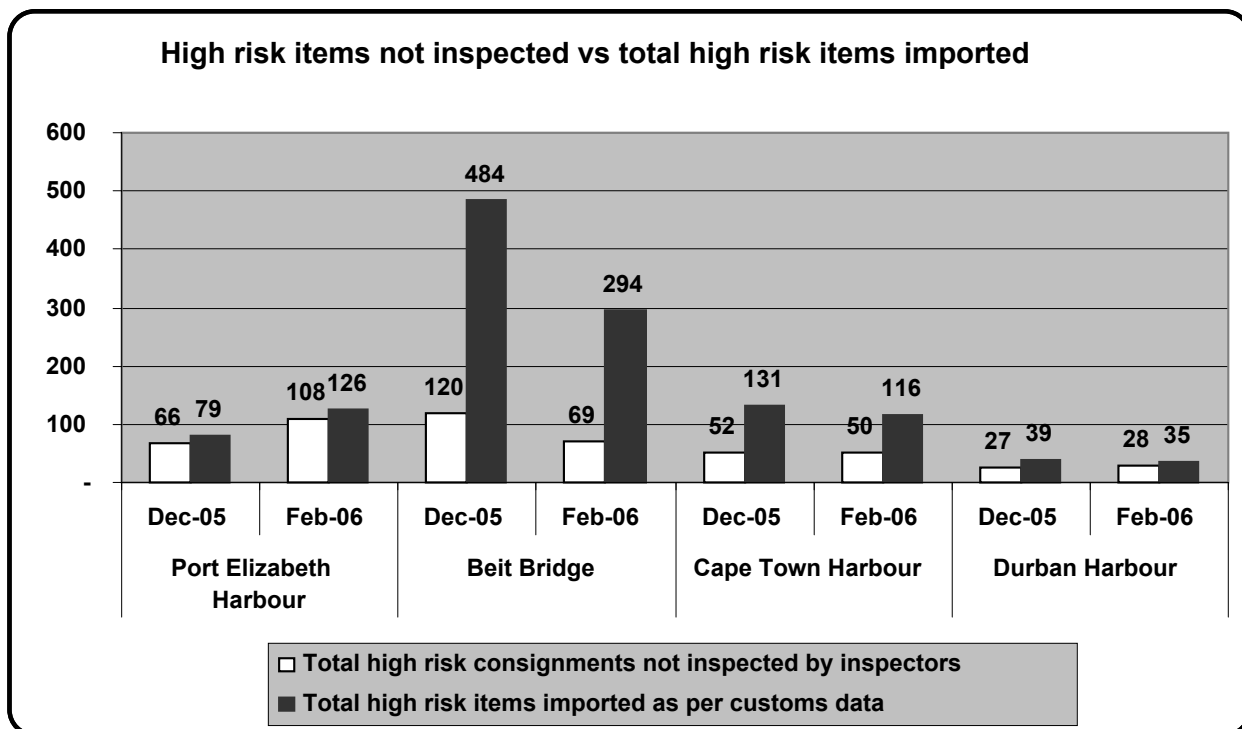
5.1 ACCESS TO INFORMATION

No integrated information system for recording and reporting on the import inspections of the DoA had been established. The first phase of the Import System of the Department of Agriculture (ISODA), developed for the administration of applications for import permits, was undertaken in 2001. However, the second phase of the ISODA development was recently stopped and no further development had since been done. Although inputs were given to the Directorate: Information and Communication Technology (D:ICT) by APIS regarding the requirements to be met by such a system, it did not address the needs of APIS.

The inspectors and management therefore did not have access to the necessary information, which resulted in the following:

5.1.1 A low percentage of high-risk consignments were inspected

The inspectors did not have access to accurate, complete and timely information or data on imports to allow them to systematically target those that posed the highest risk. Inspectors drew on their knowledge and experience, as well as on a range of other information, to select import consignments for inspection. Individual consignments were generally selected at random for inspection. Therefore, it was not possible to ensure that the high-risk consignments would be inspected on a timely basis to ensure proactive detection of pests and diseases. For example:



5.1.2 Inspectors were not aware of all consignments to be inspected

Inspectors did not have access to integrated information on all regulated agricultural imports per port of entry. The inspectors also did not have access to the agricultural imports as declared and recorded on the Customs and Excise System. Due to this lack of access to information on import consignments, reliance was placed on third parties to inform the DoA of consignments of regulated agricultural products. The following serve as examples:

- (a) At the Port Elizabeth Harbour it was found that for some of the high-risk types of products listed, no inspections had been performed. Refer to the table below for a list of the types of items that should have been inspected by the DoA inspectors. The inspector interviewed indicated that these consignments had not been inspected due to the fact that the inspectors had not been aware of them.

No.	Tariff code	Product description
1	5051000	Feathers of a kind used for stuffing: down
2	44012200	Fuel wood: coniferous
3	5021000	Pig, hog or boar bristles and hair waste thereof
4	22041000	Sparkling wine
5	22042140	Unfortified wine

- (b) Cruise ships and passenger ships were not effectively covered by the inspection procedures. The inspectors were not aware of the arrival of such ships unless they were informed by the port

manager. There were also no structured procedures for the surveillance of passengers and crews leaving ships, or for wharf patrols.

- (c) Railway cargo and international mail were not effectively covered by the inspection procedures. Reliance was placed on the South African Post Office and forwarding agents to declare these consignments to the DoA.

5.1.3 Reconciliations were not performed between import permits issued and inspections performed

Due to the lack of access to integrated data and the inefficient and inconsistent recording of inspections performed, no reconciliation was performed between import permits issued and actual inspections done at the borders.

5.1.4 Reliable information on regular transgressions by importers was inaccessible

The Practical Implementation of the Agricultural Pests Act Guideline indicates that when import documents are not in order, the inspector should determine the merits of the case, taking into account regular transgressions by the same importer (which should be on record). Due to the lack of reliable and timely integrated information, the inspectors did not have access to such information and could therefore not adhere to the guidelines in this regard.

POSSIBLE AREAS FOR IMPROVEMENT

The DoA should:

- (a) Ensure that its information system needs in respect of import inspections are addressed and that a total solution is created. The development process should include an enquiry into the possibility of obtaining links to customs and excise data and/or any other related information systems that would facilitate the execution of the duties of inspectors and managers.
- (b) Investigate the viability of maintaining a database containing details about pest risk assessments, the status thereof as well as interceptions arising from inspections.
- (c) Prepare a strategy for pests and diseases that is based on the risk they pose. Inspections of products related to these pests and diseases should be prioritised accordingly.

COMMENTS OF THE ACCOUNTING OFFICER

- (a) The findings on the lack of access to information are noted and it is acknowledged that information is critical to risk assessment. In October 2006 APIS was informed by D: ICT that it would not proceed with the development of the envisaged system. However, the necessary arrangements are being made to outsource the development of the import and export information system.
- (b) Role players are obliged by legislation to inform the DoA of the arrival of any agricultural goods or such articles or vessels. APIS realises the importance of the integration of data systems but this would only be viable if a compatible internal data-capturing system established the necessary links. Meetings have already been held with the South African Revenue Service (SARS) in this regard.
- (c) The DoA, together with industry, the Department of Trade and Industry and Wine Online South Africa, has gained relevant experience in the past three years with a management information system (Wine-on-line) developed in terms of the Liquor Products Act, which will support the development of a system to accommodate the Auditor-General's recommendations.

5.2 NUMBER OF INSPECTORS

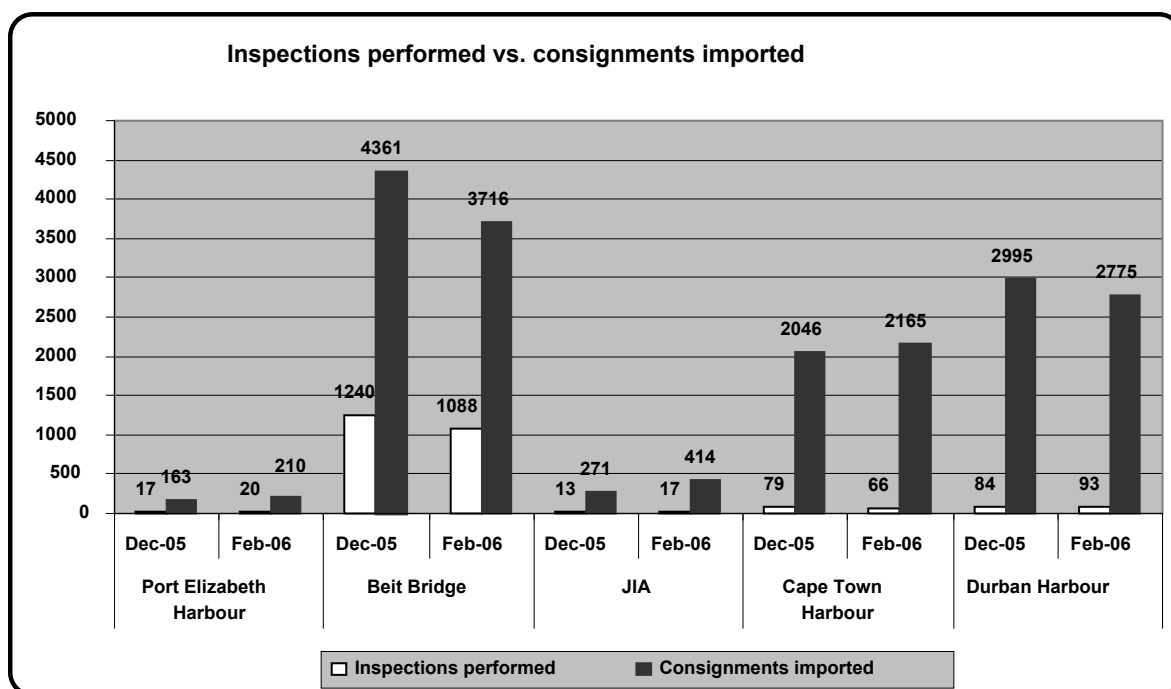
APIS tracked and monitored vacancies in positions for inspectors, but despite the high vacancy rate, no action plan had been put in place to facilitate the filling of long outstanding vacancies. Even though APIS gave inputs to the Directorate: Human Resource Management on scarce skills and the retention of staff, no succession plan or staff retention plan had been implemented. Furthermore, there was a high turnover rate for inspectors employed at the remote border posts as most of them preferred working in bigger centres. The DoA did not have a strategy to retain inspectors at these remote border posts.

The extent of the APIS vacancies was recalculated and revealed the following in terms of vacancies that had existed for three months or longer:

Date	Number of vacancies > 3 months	Average number of months vacant
31-Oct-04	21	7,56
31-Oct-05	25	6,00
28-Feb-06	22	6,47

The effects of the insufficient number of inspectors are illustrated below:

5.2.1 A low percentage of consignments was inspected

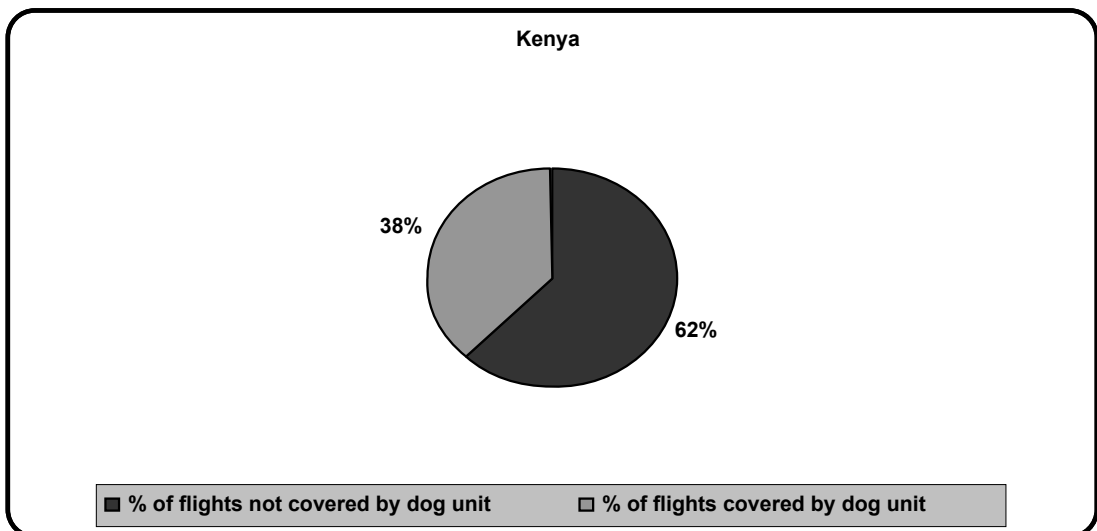
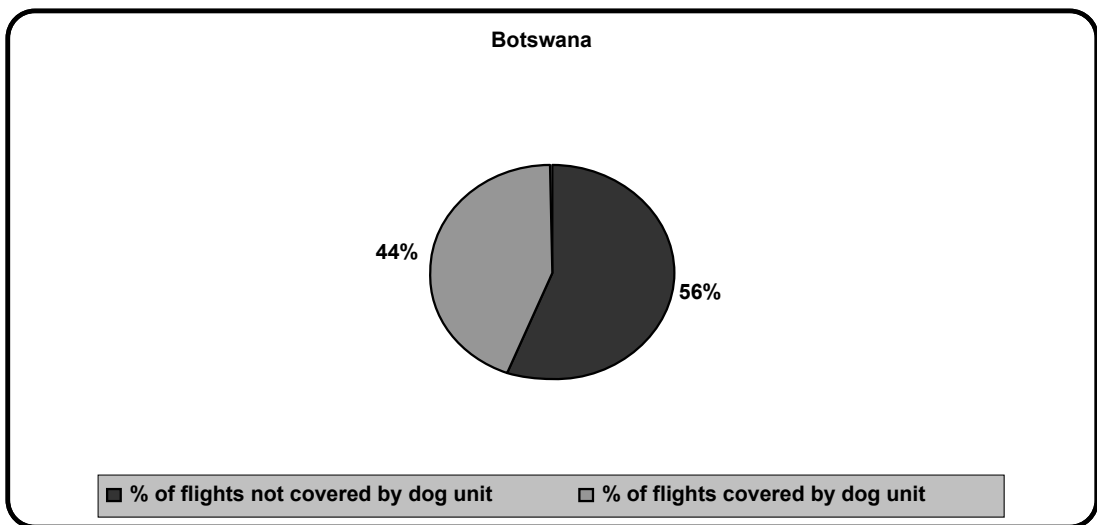


5.2.2 Insufficient coverage at the airport and harbours

There were two teams at the JIA, the dog unit, which was a pilot project and the secondary line inspection in the green line. It was established that there were not enough dog unit teams to inspect all shifts at all international airports and harbours in South Africa. For example:

- APIS was not involved in the removal of waste from aircraft. A consultant was responsible for the actual removal of waste, but the DoA played no part in the process.
- The department only had four dogs for inspections of international passengers' luggage at the JIA. They also only worked during the mornings and therefore only covered the morning flights. Even though Nigeria was one of the African countries where outbreaks of avian influenza had been reported, all arrivals from Nigeria were scheduled for the periods not covered by the dog unit.
- There were no dogs available to inspect restricted areas or to perform wharf patrols at the seaports.

A summary made of the daily flights from high-risk countries is illustrated in the diagrams below. (It was not established whether green-line inspections were performed for these flights.) The summary revealed the following:



5.2.3 Consignments were not inspected in good time

Even though the international freight industry operates around the clock, inspectors were mainly employed to operate during normal working hours at the harbours and airports. Inspections were only performed after hours and over weekends if prior arrangements had been made/requests submitted by the importer/agent. Due to the perishable nature of some of the consignments, it is imperative that they are inspected as swiftly as possible. However, as a result of the shortage of inspectors, inspections were not performed in good time.

POSSIBLE AREAS FOR IMPROVEMENT

The DoA should:

- (a) Prepare a strategy for bridging the gap between available and required resources and monitor the progress and implementation of a staff retention policy that outlines the benefits to staff of staying at the DoA and stipulates the conditions that have to be met in order to obtain these benefits.
- (b) Participate in the process of removing waste and other refuse from international aircraft to ensure that it is undertaken in accordance with standard waste control measures.
- (c) Develop and implement a strategy to ensure the retention of staff at remote ports of entry.
- (d) Introduce tracking and monitoring measures to ensure that the inspections requested are performed within a reasonable time.
- (e) Analyse flight arrival schedules and prepare a strategy to ensure that high-risk flights are covered by a dog unit team.

COMMENTS OF THE ACCOUNTING OFFICER

- (a) The recommendations are acknowledged. There are several government systems, prescripts and policies in place to which APIS adheres and management measures have been adopted to support these measures. APIS has implemented measures in the past two years to address some of the issues pertaining to human resources, knowledge and information management and skills transfer through initiatives such as the mentorship programme, work benching and other in-service training. These ongoing issues will be included in the future budget and operational plans.
- (b) Waste management is the responsibility of a number of departments. Due to the impact galley waste has had on the agricultural industry in terms of disease outbreaks, the DoA has a specific responsibility in this regard. The Department of Environmental Affairs and Tourism has a legislative mandate for waste management and published the National Environmental Management: Waste Management Bill during December 2006. The DoA will participate in commenting on the bill and on waste management plans, regulations and strategies.

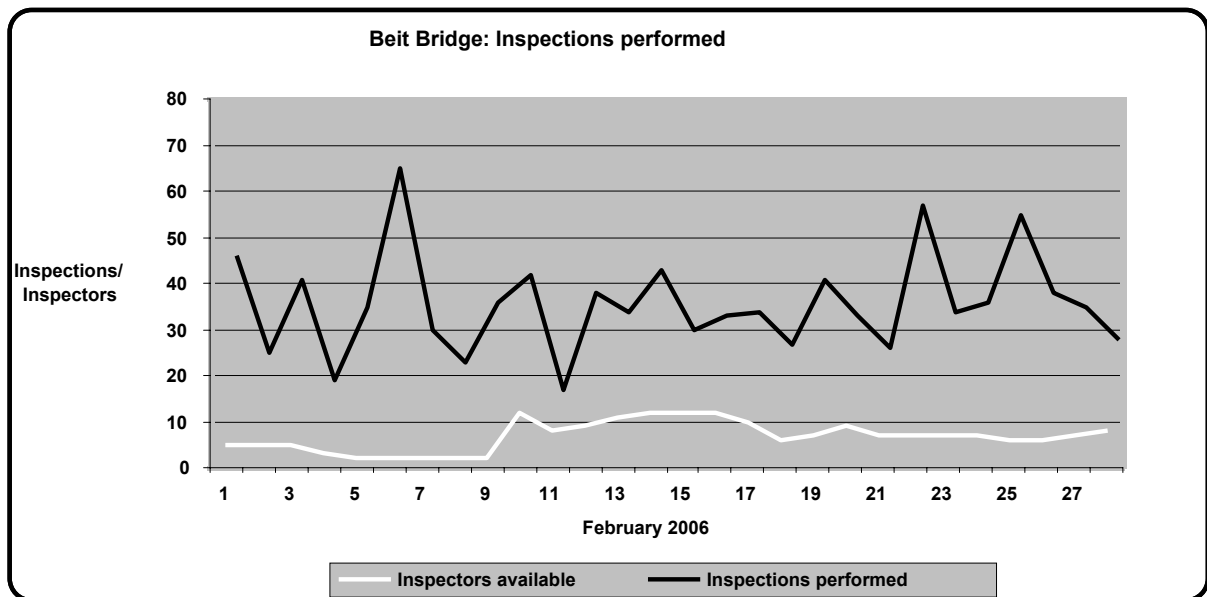
- (c) Currently, all flights are being risk profiled, but not all high-risk flights can be covered by the dog unit due to the limited number of dogs in the pilot project and the restrictions on the period of time the dogs are allowed to work on a daily basis. The DoA is currently engaged in procuring four additional dogs from the United States of America and these dogs and their handlers will be trained in South Africa as from April 2007. The dogs will be ready for work in July 2007.

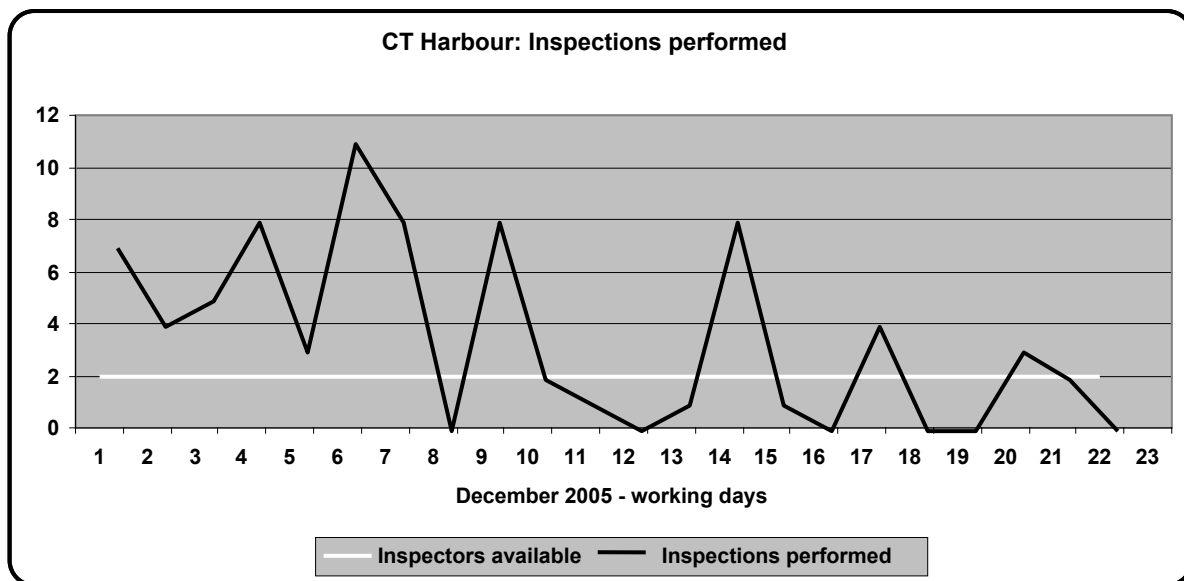
5.3 SKILLS AND EXPERIENCE

Due to the relatively new structures in place, the status of inspection services and the small staff complement, an insufficient number of inspectors had the relevant experience to ensure efficient skills transfer, on-the-job training and quality control.

Due to the inadequate skills and the lack of experience and monitoring of inspectors, no correlation could be established between the inspectors available and the number of inspections performed.

For example:





A number of inspectors were interviewed at the various ports of entry and it was indicated in the interviews that the inspectors were required to perform both plant and animal inspections, whether or not they were qualified to do so. Furthermore, a number of the inspectors interviewed indicated that they did not feel comfortable performing inspections in both fields, as they did not have the necessary knowledge or skills to do so.

A number of the inspectors interviewed also indicated that they had received insufficient training or no training at all.

There was no correlation at the various ports of entry between the number of inspections performed and the number of inspectors on duty. These imbalances were even more pronounced when inspectors were on leave or in training.

POSSIBLE AREAS FOR IMPROVEMENT

The DoA should:

- (a) Institute measures to ensure consistent compliance with requirements by the inspectorate throughout the import control system.
- (b) Analyse the correlation between inspections performed and inspectors available and introduce corrective actions where necessary.
- (c) Develop a strategy for ensuring that suitably skilled inspectors are on duty during all shifts, especially when other inspectors are on leave or undergoing training.

COMMENTS OF THE ACCOUNTING OFFICER

- (a) The DoA takes cognisance of the recommendations. Measures to ensure consistent compliance have been instituted and will be enhanced in the forthcoming years with the compilation of standard operating procedures (SOPs). Five working groups have been established to develop these procedures.
- (b) The APIS establishment has been mainly focused on shifting from specialising at ports of entry to multi-skilling in order to avoid human capital costs and duplication of services. Training interventions have been established for all disciplines to ensure that fully compliant officials in terms of knowledge, skills and abilities are trained and deployed. The training plan is spread over an extended period of time and contingency arrangements are in place for ports of entry when officials are attending courses.
- (c) The completion of human resource development in terms of fast tracking and mentorship will improve critical areas identified for improvement in this report as the officials will be trained and mentored in different facets, especially in line functions.

5.4 EQUIPMENT AND INFRASTRUCTURE

There was a lack of equipment and facilities at the ports of entry, as illustrated by the following examples:

- At both the Cape Town Harbour and the Port Elizabeth Harbour there were, for instance, no forklifts, lights, drivers and inspection areas to assist with inspections. Consequently, hardly any inspections in loco were done at these harbours. The only inspections done at the harbours themselves related to regulated agricultural products such as grain and these inspections were either undertaken in the vessel itself, or where containers were shared.
- APIS did not have any X-ray machines for searching passengers' suitcases at the JIA. Customs and Excise had an X-ray machine but this machine was not in use.
- The inspectors interviewed confirmed that there were no inspection facilities where inspectors could unpack bags during inspections; they had to do it on the floor.

Due to the lack of infrastructure, a high percentage of the consignments arriving at ports of entry were not inspected at the port of entry itself. They were given a temporary release form, with an order that required them to be inspected at a predetermined site. These delayed inspections were referred to as "extended detentions". There were, however, no follow-up or reconciliation

procedures in place to ensure that all extended detentions would be inspected at a later stage. It was therefore possible that consignments that had left the port of entry were never inspected.

For example:

At the Oshoek and Beit Bridge land border posts it was found that no measures were in place to ensure that Red Cross permits were indeed inspected by the relevant state veterinarian. After the Red Cross permit had been sent through to the state veterinarian, the onus was on the state veterinarian to perform the inspection and on the importer or agent to inform the state veterinarian of the arrival of the consignment at the predetermined holding site. Questionnaires issued to the state veterinarians confirmed that insufficient controls were in place to ensure that they would be made aware of the arrival of all consignments that needed to be inspected by them. The questionnaires also confirmed that the collaboration between the state veterinarians and the inspectors at the border posts was inadequate.

At the Cape Town Harbour instances were found of extended detentions being granted for high-risk imports, for which no inspections were captured in the inspection register. Sixty-two per cent of the extended detentions selected for testing had not been inspected.

POSSIBLE AREAS FOR IMPROVEMENT

The DoA should:

- (a) Institute measures to ensure that the inspection facility weaknesses as identified and communicated are actioned by the BCOCC.
- (b) Prepare a strategy to ensure that its tools and equipment remain up to date and in a constant state of readiness.
- (c) Institute measures to ensure that inspections are performed on all extended detentions and that reconciliation procedures are established for this purpose.

COMMENTS OF THE ACCOUNTING OFFICER

- (a) The DoA recognises the need for ensuring good infrastructure for its officials and will continue to participate in the BCOCC to achieve the goal set for the BCOCC.
- (b) The X-ray machine at the JIA referred to in the report is SARS equipment. However, the BCOCC is currently engaged in ensuring that equipment at ports is shared among

participating inspectorates. The DoA will, as part of a collective, ensure that its needs are addressed and that the shared equipment and tools are properly handled and maintained.

- (c) The recommendations made in this report will be incorporated in the APIS operational plans.

5.5 MANAGEMENT INFORMATION

There were no guidelines for the preparation and compiling of the monthly reports. Monthly reports on import inspections were being prepared manually by the inspectors by summarising all the import inspection documentation. These summaries were sent to head office on a monthly basis where the data was summarised. Most of the monthly reports re-compiled were inaccurate, incomplete, invalid, inconsistent or unreliable. Differences were identified between the supporting documentation, registers and information captured for the monthly reports and, in some cases, the monthly reports did not cast or cross-cast. For some of the monthly reports, not all the supporting documentation could be provided. Therefore, decisions were made by inspectors and management based on unreliable information, which does not promote efficient and effective control and monitoring.

POSSIBLE AREA FOR IMPROVEMENT

The DoA should ensure that the necessary policies and SOPs for the reporting of inspections performed are established.

COMMENTS OF THE ACCOUNTING OFFICER

- (a) Management acknowledges the comments of the Auditor-General and has made progress in the development of an SOP on inspections by arranging a participatory workshop, which was held in October 2006. The workshop included members from the five working groups as well as administrative staff to ensure broader participation.
- (b) The DoA takes cognisance that APIS, with a staff complement of 300, needs a data system to ensure capturing of all import and export data.

5.6 RECORD KEEPING

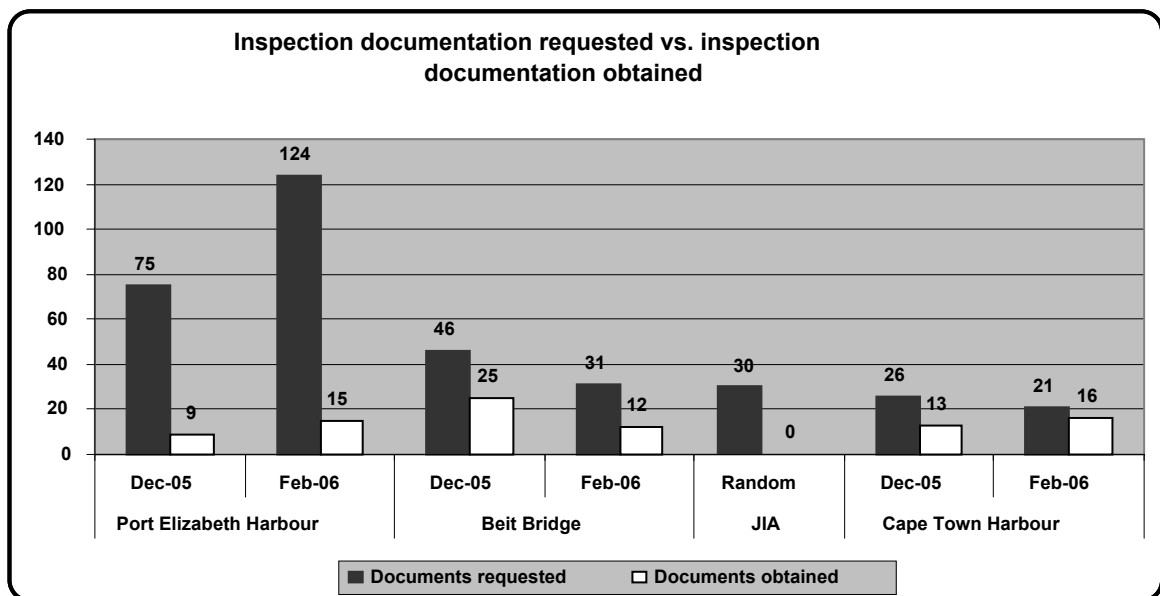
The policies and procedures for record keeping of inspections performed were found to be insufficient. It was also found that ineffective and inconsistent procedures were used at the various ports of entry to document and file inspection-related documentation.

The effects of insufficient record keeping are illustrated below:

5.6.1 Lack of document trail for tracking, tracing and containing outbreaks

One of the main elements of a disease control strategy is the swift tracing of animals that have been exposed to infection. At the various ports of entry visited, we requested the inspection documentation for a sample of regulated agricultural products flagged by the Customs and Excise System for December 2005 and February 2006, respectively. Some of the documents could not be provided by the DoA. The result of the lack of a document trail was that evidence would not be available for effectively tracking, tracing and containing outbreaks of diseases.

The documents requested from the DoA vs. documents obtained are illustrated below:



5.6.2 Unavailability of workload-effectiveness data

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

POSSIBLE AREAS FOR IMPROVEMENT

The DoA should:

- (a) Ensure that the necessary policies and SOPs for record keeping of inspections performed are established.

- (b) Review the consistency of its operations, service delivery and record-keeping procedures and institute policies and procedures to address any inconsistencies.
- (c) Introduce measures to ensure that accurate and consistent workload-effectiveness data is retained and recorded by inspectors for performance appraisal purposes.

COMMENTS OF THE ACCOUNTING OFFICER

- (a) The DoA acknowledges the recommendations made regarding the areas for improvement identified in the report. With a staff complement of 300 spread across the length and breadth of South Africa, proper record keeping will be greatly enhanced by a data system that is compatible with the SARS system. As already reported, progress has been made towards procuring such a system.
- (b) The review of the consistency of operations and service delivery is included in the 2007-08 operational plan.

6. APPRECIATION

The assistance rendered during the audit by the staff of the DoA is sincerely appreciated.



G J Lourens for Auditor-General

Pretoria

27 March 2007