EFFECT OF POST - CLEARANCE AUDIT PROCESS ON TRADE FACILITATION IN KENYA.

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A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE, SCHOOL OF BUSINESS ON PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE POSTGRADUATE DIPLOMA IN CUSTOMS ADMINISTRATION, JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY.

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DECLARATION

This research project is my original work and has not been presented for a postgraduate diploma in any other academic or non-institution.

Signature ……………………….. Date ………………………

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This project has been submitted for examination with my approval as the supervisor.

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DEDICATION

I dedicate this research to my parents and brother for their encouragement, financial and moral support during the entire period. I also dedicate this project to the Customs Department at Kenya Revenue Authority.

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This research project would not have been possible without the input of a number of people that I wish to acknowledge.

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ACRONYMS

PCA	Post Clearance Audit
WCO	World Customs Organization
EACCMA	East African Community Customs Management Act
RKC	Revised Kyoto Convention
SAARC	South Asian Association for Regional Cooperation
CBSA	Customs Border Service Agency
KRA	Kenya Revenue Authority
VAT	Value Added Tax
CBCD	Customs and Border Control Department
GATT	General Agreement on Tariff and Trade
ISA	International Studies Association
CBP	Customs and Border Protection
DGOC	Director General of Customs
SPSS	Statistical Package for Social Sciences

DEFINITION OF TERMS

Post-clearance audit: audit-based controls used by Customs to satisfy themselves to the accuracy and authenticity of declarations through examinations of books, business systems, records and commercial, withheld by persons concerned (WTO, 2005).

Revenue collection: It is accounting for the income of the government from all sources appropriated for the payment of all public expenses (Nyakamba, 2013).

Field audit: investigation or inspection using audit-based controls where irregularities or non-compliance with the requirements are detected (Frederick & Jeffrey, 2018).

Risk analysis: a working method with aims to optimize the use of human and financial customs resources while minimizing the identified risks (Terje, 2011).

Evaluation: is a systematic determination of subject's merit, worth and significance, using criteria governed by a set of standards (Walter & Hoste, 2010).

Verification: process of ensuring Customs procedures are followed in establishing the truth, accuracy or validity of documents, books and records possessed by traders (Wulf & Sokol, 2005).

ABSTRACT

In the recent past, Customs Department at the border stations had adopted physical inspection only at entry points whether goods were imported, exported or on transit. This caused congestion and eventually delays at border stations. Due to this, Kenya Revenue Authority transitioned to post clearance to mitigate these setbacks. The aim is to implement audit-based controls in Customs in order to collect required duties and taxes for the Government. This study sets out to ascertain the effect of post clearance audit on trade facilitation by highlighting on risk analysis, verification and human resources. The focused for this study is Customs department in the Nairobi region and Times Tower and consists of three chapters namely; introduction, literature review and research methodology. This study will use a descriptive research design. The population of this study will be 82 with a sample size of 69. It will also use stratified random sampling to select respondents from the target population. Questionnaires will be used to collect primary data from respondents. Content analysis will be used to analyze qualitative data whereas Statistical Packages for Social Sciences will be used to analyze quantitative data. . From the analysis, 78% of the respondents noted that risk analysis has an effect on post clearance audit process while 36% said it has no effects. 74%, of the respondents said that verification affects post clearance audit process while 26% said it has no effect. Finally 80% of the respondents stated that evaluation affects post clearance audit process while 20% said it has no effect.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Too often International trade has tended to be coupled with pre-clearance auditing for arrival of goods in any country. However, over the years, the introduction of post-clearance audits (PCA) has improved the operations in customs resources and thus an increase in the volume of international trade. Post clearance audit has been identified as one of the most effective customs measures relating to compliance verification in customs or even judicial proceedings (WTO, 2017). This has led to the implementation of risk management and controls that are audit-based as the administrations have the responsibilities of managing their borders and collecting revenue from traders. Countries have been operating through inspection-based customs, but the need for change shifted customs administrations to adopt risk management. Pre-clearance auditing became difficult for customs administrations as the amount of cargo in and out of borders increased, the speed at which the cargo moved as well the number of transactions provided by traders. Therefore, the need for change in customs was considered by traders complying through reporting on time and profiling high risk cargo.

Before modernizations, pre-arrival clearance involved traders submitting information about their cargo to customs administrations prior to their arrival. Goods would be cleared once it was deemed fit that the physical inspection was consistent with the declarations. So far, pre-clearance audit has remained present for perishable goods or goods that need special care when handling once they arrive at the borders. In order to mitigate revenue, health or security risk, customs administrations have automated the physical inspection but it has been realized that it contributes little to saving time in physical inspection and reduce congestion at the borders. Other government institutions cover the big share of traders' problems during clearance of goods of borders thus, a need for an intergovernmental body that serves for the development of countries and sharing good practice approaches just the same as customs agencies are interlinked through the WCO (Gerard et al., 2010).

Since time immemorial, in Customs, pre-arrival clearance was the order of the day for gathering information about the traders' consignments. However, there was a need to form a basis that will provide detailed information about goods arriving at a particular border, as well as proper documentation. This is how Post Clearance Audit became a necessity in Customs. Customs Post Clearance officers have the mandate to carry audits within five years of date of importation, exportation, transfer or manufacture of goods. They may carry out these audits randomly or declare scheduled audits to traders by physically inspecting the premises, inspecting all books, records and documents. Owners of goods are also expected to answer questions and make declarations with respect to the goods (EACCMA, 2004). These officers however need to have certain audit standards to be authorized to carry out any audit on traders, such as, professional due care, competence, integrity, confidentiality and independence. This has tremendously improved the protocols of inspecting traders' transactions and cargo physically as well as documentary checks in order to justify compliance.

Effective compliance by traders through post clearance by producing and regular communicating about their transactions to respective agencies, means that good business systems may eventually led to high level of regulatory compliance. Compliance improvement by traders will be an enhancement as this process aids in mitigating risks that may affect business systems and controls. Thus, post clearance officers needs to work hand in hand with traders to achieve future compliance.

In terms of World Customs Organization (WCO), the Revised Kyoto Convention was held majorly for the customs administrations to understand the need for audit controls. This encompasses shifting to audit-based controls by auditing internal systems and controls for consistency, trade facilitation, improved collaborations between traders and Customs, increase revenue yield as well as reduced release time of cargo.

Conversely, the RKC entails legal provisions that promote trade facilitation and effective Customs controls for the Contracting Parties through simplifying and harmonizing the current Customs procedures. It is a blueprint adopted by the WCO council in 1999 with various principles including; simplified procedures, transparency and predictability of Customs actions, standardization and simplification of goods declaration and documents, maximum use of information technology, minimum necessary Customs control, use of risk management and audit based controls, partnership in trade, coordinated interventions with other border agencies (Aparna & Gupta, 2004).

Fortunately, Contracting Parties globally have adopted PCA with an aim of facilitating trade and collect revenue accordingly. However, SAARC is still taking time for its full implementation but it is upcoming. Since surveys were done and meetings conducted, the SAARC saw the need of PCA as a platform for trade facilitation in the region and also boost the risk management measures during processing of traders' cargo.

Nonetheless, Canada opted to deal with risks a different way. The Customs Border Service Agency (CBSA) officers do not work under pressure, thus given the proper amount of time to inspect cargo extensively. The CBSA also coordinate with the Post-Release Verification who provide back-end support for CBSA officers to concentrate on identifying and mitigating any risks as soon as possible (WTO, 2011). Another instance is that, Malaysia conducted a study to identify the dwell time taken for goods to be cleared and released to traders and discovered that release time had reduced because of the Customs Reforms to facilitate trade among global supply chains (WTO, 2012). Having pre-arrival data on goods, the U.S have improved by receiving information about traders' goods, four hours prior to loading before shipment takes place.

Therefore, Post clearance audit has incredibly been significant in reducing the clearing and release time of goods arriving at the border. Less activities are carried out once Customs officers receive information of the goods. They gain ample time to verify the tariff classification, origin, value, weight, value and destination among others and speculate whether or not there might be a risk that needs to be mitigated. This will certainly aid in increasing the yield in revenue collection through calculating correct duties and taxes to be paid, maintain risk management techniques, improve the level of traders' compliance to Customs and eventually facilitate international trade.

Post clearance audit mainly adopts the transaction based/ non-system based control on traders whereby, the internal controls systems that officers could verify for auditing are unreliable. Therefore, auditors tend to rely on documented transactions to prove that the transactions made by a trader are consistent with the information they have. Each item is thus audited by itself without any conclusions being made yet. This has become significant to many countries because of the increase in revenue. Customs reforms and modernizations have made it possible for goods to be cleared and released at borders simultaneously.

1.1.1 Customs and Border Control Department

Customs and Border Control is a department in Customs that ensures Customs measures are applied whereby, laws are adhered to regarding duties and taxes imposed on goods. The most significant role in this Department is inspection of goods and persons at the border stations. In Kenya, Kenya Revenue Authority, which was established by an Act of Parliament in 1995, was established to accumulate revenue in the best interests of the Government. Its main functions are revenue collection, assessment of taxes, administration and enforcing laws respective of revenue. KRA has four major departments and among them is Customs Excise Department which later transitioned to Customs and Border Control Department. This Department was established also by Act of Parliament in 1978 (Cap 476).

In terms of manpower and operational network, this is the largest department out of the four. Its main role is collection and assessment of import duty and VAT duty on imports and exports. This Department is also headed by a Commissioner like the other three department. CBCD uses control techniques such as manifest review, document review, physical inspection as well as post clearance audit.

1.1.2 Post Clearance Audit

With the increasing rate of imports and exports arrived at borders, Customs saw the need of establishing PCA to improve traders' compliance and revenue collection. This is through ensuring that traders comply with the laws and regulations by paying duties and taxes accurately and whether or not the conditions of drawbacks, refunds, remissions and rebates are met. By adopting controls based on auditing and management of risks, PCA officers are able to identify any risks arising and penalties are posed on traders committing an offence.

Furthermore, increased movement of goods in and out of country meant that customs had to adjust the clearance process in order to avoid congestion at border stations. Therefore, Customs would compare declarations received to be approved and goods released to later be audited by customs officers. Any trader is required to keep documents of consignments not later than 5 years, thus, whenever PCA is conducted, the trader is supposed to produce all books, documents or records to customs administrations to verify accuracy and authenticity (Nirmal, 2007). PCA is more effective for revenue collection and facilitation of trade.

1.1.3 Trade Facilitation

Trade facilitation simply addresses to the transportation logistics and customs administration associated with cross-border trade. It broadly covers the environment in which trade transactions take place, which includes the transparency of trade policy and regulation, as well as product standards, infrastructure to support trade, and technology as it applies to lowering costs (Sourdin & Pomfret, 2012). Governments set out agencies to collect revenue and facilitate trade on their behalf, thus like in Kenya, the establishment of KRA.

According to Michael (2010), in order to improve trade facilitation, revenue administrations have restructured their authorities and employed reforms on the customs clearance process. This is to increase revenue collection, improving clearance times, bringing customs tariffs, exchange rates and valuation in line with the Generally accepted accounting Principles (GATT).

1.2 Statement of the problem

Customs is one of the major departments regarding trade facilitation through collection of revenue for the government. Governments expect Customs to act on their behalf in terms of dealing with businesses, income and national security. Customs helps the government in timely and proper planning of financial, political and social policies. Customs plays a major role in monitoring movement of goods and persons among Partner States (Pearson & Chaitezvi, 2013). With the increasing rate of imports, exports and goods in transit, there is need for Customs to verify the accuracy and authenticity of declarations from traders. Thus, Customs plays a significant role in trade facilitation.

Additionally, since reforms and modernizations were passed on laws and regulations on Customs, it has incredibly improved customs activities through increased speed in clearance time of goods, improved compliance as well as operational cost for the traders (Muthama, 2013)**.** This has become possible because such reforms as PCA have helped Customs in clearance of goods. Post clearance audit involves examination of books, records, computer stored information, business systems and documents regarding any consignments possessed by traders who are directly or indirectly involved in international trade. Audit after release of goods from borders means audit based controls are applied to examine the accuracy of traders' statements and any other Customs related information. This also verifies traders' compliance to Customs laws and regulations (World Bank, 2011).

However, Customs Department has not fully realized how post clearance audit has effect on the facilitation of trade and very few studies have been carried out to justify this fact. For Customs to improve its performance, it is necessary to apply risk management reviews and audit based controls in order to collect Customs duties and taxes. Customs laws and regulations have being reviewed in Kenya in order to improve and facilitate legitimate trade. Thus, after discharge of cargo, Customs officers must have full knowledge of the cargo and should state the impacts realized. This will pave way for Customs laws to be modified in order to improve in performance and customer satisfaction.

Therefore, this study focused on staff at the border and the traders who have to pass the border. The researcher attempted to investigate the effect of post clearance audit on trade facilitation and proposals will also be made to boost a positive impact on the intensity of goods clearance as adjustments are made on Customs measures.

1.3 Research objectives

1.3.1 General objective

The main objective of this study is to investigate the effect of post clearance audit on trade facilitation in Kenya.

1.3.2 Specific objectives

i. To find out the effect of risk analysis on trade facilitation in the Kenya.

ii. To determine the effect of verification on trade facilitation in the Kenya.

iii. To establish the effect of evaluation on trade facilitation in Kenya.

1.4 Research questions

i. How does risk analysis affect trade facilitation in Kenya?

ii. To what extent does verification affect trade facilitation in Kenya?

iii. How does evaluation affect trade facilitation in Kenya?

1.5 Justification

Evidently, Customs and Border Control Department play a major role in KRA. This is through collection of customs duties and VAT duty on imports. Therefore, this study attempted to create better understanding of post-clearance auditing effect on trade facilitation. To facilitate trade, this study helped Customs authorities to comprehensively apply the best practices in terms of clearance. There have been few studies done on post clearance audit, thus, this study attempted to provide some literature for referencing to either Customs administrations or Customs trainers.

1.6 Scope

The scope of this study was limited to the Customs and Border Control Department at Times Tower in Nairobi. It will focus on post clearance audit officers in Customs. This study sought to prove how post clearance audit is an effective measure by applying comprehensive audit based controls. These controls are applied on every shipment made by traders in order to facilitate trade and traders' compliance.

1.7 Limitation of the study

The researcher faced some challenges during the course of this study. First challenge was financial constraints in order to achieve a fully detailed exhaustive research. Secondly, the researcher faced reluctance from respondents in filling questionnaires because of confidentiality. Thirdly, the researcher encountered errors in questionnaires filled out by respondents, some left unfilled or unreturned.

Therefore, to mitigate this, the researcher was funded to counter financial constraints. The researcher clearly explained the purpose of the study and how it would be beneficial to the respondents. Confidentiality was emphasized in order to obtain detailed information.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, the study tried to examine previous work done by other proponents pertaining to the effect of auditing on trade facilitation. The literature in this chapter was narrow down analysis of risks, verification and monitoring and evaluation that have an effect on facilitation of trade in the country. The review of literature in this chapter, helped in relating to the problem and purpose of this study. The chapter reviewed theoretical and empirical reviews to examine the efficiency of post importation verification on revenue collection.

2.2 Theoretical review

Post importation verification also referred to as auditing refers to the examination of accounts and books of a concern by an independent expert with a view of expressing an opinion thereon according to statutory guidelines (Clifford, 2012). Similarly, Henning *et* al (2008), state that it is a methodical course of objectively acquiring evidence and evaluating it Vis-a-Vis the situation at hand of a body, practice and monetary justification and comparing it to the scheduled, accepted measures and communication of outcomes to the proposed users. The review under this study pursued to concentrate on factors that result to the efficacy of post-clearance auditing on facilitation of trade.

2.2.1 Agency theory

This theory involves varying interests between shareholders and the bondholders. According to Itonnen (2009) states that auditing is an effective tool in managing information asymmetry and conflicts between the two parties. It emerges that the characteristics affecting conflict of interests can be expected to be related to how relevant and audit report information is to the owners. Furthermore, the general relationship of this theory is that it is a contract in which one or more principals delegates other persons (auditors) to perform some service on their behalf. To achieve this performance, some decisions are delegated to the auditors as needed. However, the auditor may decide to act on his/her own interests, against those of the principal and thus, conflicts of interests arise.

Jensen *et al* (1976) states that in order to limit the divergence of interests, the principal can set up incentives for the agent and limit conflict activities by establishing means of control to mitigate conflicts of interests. Therefore, this theory is relevant to the study as auditors act on behalf of the government by the probability of detecting errors and having willingness to report these errors.

2.2.2 Lending credibility theory

According to Volosin (2008), this theory illustrates that auditing plays a major role in being a central issue for regulatory bodies attempting to protect the public interest. The theory states that audited commercial registers and financial documents can enhance stakeholders' faith in management's stewardship. Therefore, stakeholders demand accountability from management as a demand for their contribution and receive information with independent assurance of any ongoing developments.

Similarly, ISA 200 (2009) states that the purpose of auditing is to enhance a degree of confidence of intended users in financial documents and registers. Documents provided for auditing are presented fairly, in all material respects, or give a true and fair view in accordance with the framework. The statements to be audited are of the entity, prepared by the management's entity with oversight from those charged with governance. An audit is to be conducted at the premises that management, where appropriate, those charged with governance have acknowledged certain responsibilities that are fundamental to the conduct of the audit. This theory explains why auditing improves the compliance of traders once their documents have been verified by the post clearance customs officers.

2.2.3 Competitive advantage theory

Michael Porter's theory on competitive advantage in relation to this study states that competitive strategy introduces the concept of value chains for thinking strategically about the activities in any business and assessing their relative cost and role in differentiation. The difference between the value and cost of performing the activities involved, determines profits by having substantial resources. A focus strategy is an internally consistent configuration of activities that distinguishes a firm from its rivals (Porter, 2008).

In addition to this theory of competitive advantage of Nations, Zoephel (2008) advocates for new, constructive and actionable roles of government and businesses in pursuit of competitiveness and prosperity. Governments must thrive to create an environment that supports rising productivity. It also urges for more tangible and proactive role for industrial associations and other business institutions in making such investments. The Customs Service Department should have sufficient resources such as IT infrastructure and skilled personnel to carry out extensive audits in order to facilitate legitimate trade.

2.2.4 Social rule system theory

According to Harris *et al* (2013), this kind of theory is an approach that lawfully attempts to unify diverse natures of rule systems. In this theory, there are key power tools major that point to the system's propagation and transformation to elucidate how systems that have evolved and institutional procedures are, according to theorists. These include: the environment's discerning engagement; the compelling and simplifying terms of institutional procedures with their expertise, available assets, and partakers; and imaginative/ detrimental human assistance (Kamara *et al*, 2013). Therefore, in this audit process, all the practices involved are meant to be adhered to by Customs auditors. This determines which cases are to be looked upon as well as their allocation to auditors.

2.4 Conceptual Framework

A conceptual framework is an illustration or a hypothesized model identifying the constructs under study and their relationship between each other. The researcher elucidate this to provide a basis in answering questions that have been asked in this study.

Independent Variable **Dependent variable**

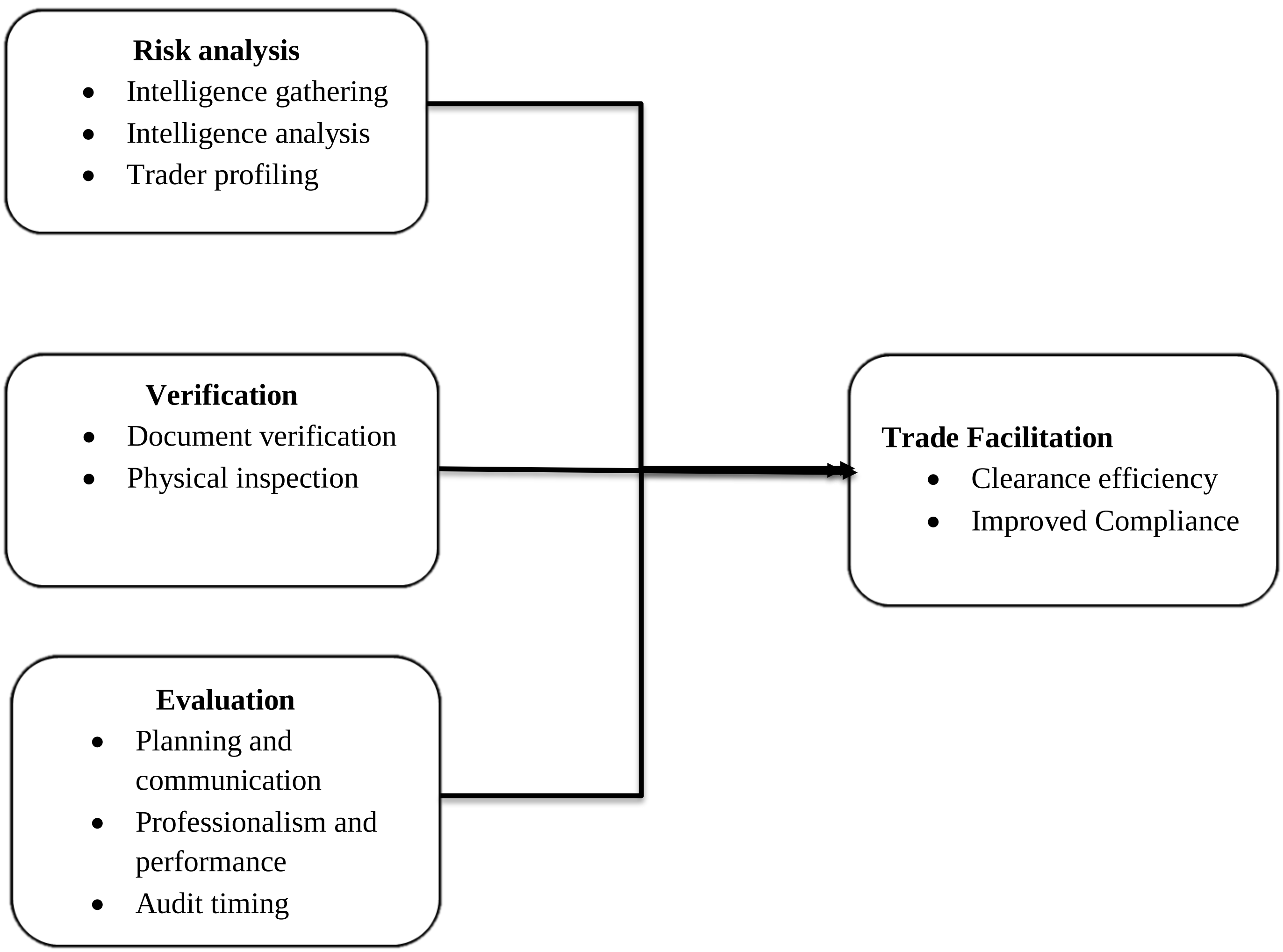

Figure 2. 1: Conceptual Framework

2.3.1 Interpretation of Variables

2.3.1.1 Risk Analysis and trade facilitation

Risk analysis refers to the review of the risks associated with a particular action. It is a component under risk management that is applied to projects, Information technology or security issues that are analyzed on qualitative or quantitative basis. According to Keen (2003), states that customs administrations may have recurrent problems identifying origin of certain goods thus, they require to verify the origin in particular circumstances, review tariff classification purposes, value and all other documentation as well as any information relating to the trade activities. Lowden (2013) further declares that importers at some point need to demonstrate to Customs Border Patrol (CBP) that their importing activities are operating with adequate compliance controls. Customs officers therefore need to assess information to reflect any identified risks on imported goods.

According to Zijm et al. (2018), the use of technology in post clearance audit augments risk-based treatment of traders with an approach that aims to touch all goods flows through monitoring and analyzing traders' activities and goods involved. This approach identifies risks that may arise and how they can be mitigated in order to facilitate trade as technology minimizes operational costs. Risk analysis affects trade facilitation by ensuring that information gathered on consignments helps customs to identify high risk goods by clearing them immediately and unlike low risk goods.

2.3.1.2 Verification and trade facilitation

In relation to Customs, verification refers to the process of certifying that procedures laid down are followed according to the rules and regulations in Customs. Physical verification involves customs verification officers having the power to enter importers' premises for inspection. Customs officers may require information of internal control for data analysis processes. This data may be in regards to an entity and its structure, commodity information, related party transactions, record keeping systems as well the traders' profile. The owner of goods is entitled to produce documented information to customs auditors to verify his/ her compliance according to statutory regulations of EACCMA, 2004. Customs officers may require this information relating to goods to be provided by the owner within 5 years from the date of importation, exportation, transfer or manufacture of such goods.

According to Mento (2004), he states that Customs officers are expected to conduct periodic testing of the audit process and procedures for its effectiveness. If problems arise, a full disclosure is to be made to Customs and an adjustment to the internal controls to ensure compliance in the future. He further states that the importer must maintain internal reviews and make them available to Customs upon requisition. Customs visits are done to review internal controls of an importer and to provide training on compliance assessments or another area of importer regulation. Verification therefore has an effect on trade facilitation as customs is able to verify traders' consignments through accuracy and authenticity of documents and operations at the traders' premises.

2.3.1.3 Evaluation and trade facilitation.

Evaluation refers to the systematic and objective assessment of on-going or completed project, programme or policy, its design implementation and results (Mayne, 2013). In Customs, evaluation of the whole process of post clearance audit has to be done in order to check for its accountability and learning too. Evaluation can be done for someone outside the organization to check on how well the program is doing and to assess if the program should continue with its assistance. By it having a clear goal of learning about the related activities and how they are working, will have a much greater chance of being used by the evaluand. The quality of an evaluation product and process is largely determined by how the evaluation is designed and carried out. An organization undertaking an evaluation need to make quite a few decisions first.

Basu (2010), states that auditors tend to seek evidence to support their assertions. Therefore, auditors are required to provide evidence on how they plan and communicate with the selected auditees to carry out the audit. They are also evaluated on the degree of professional skepticism and performance that they are to apply during auditing. Evaluation is done on audit timing to indicate the extent of time for work to be completed through using a time schedule for the entire programme. Therefore this affects trade facilitation by increasing efficiency of auditing goods and improving traders’ compliance.

2.4 Empirical Review

This review looks at different studies carried out by various in relation to post-importation verification, revenue collection, field audit and manpower. These studies will include those of global perspective, regional and national level. Empirical literature will provide a platform in professional knowledge, identifying and asking appropriate questions on a research, providing common practices in organizations, potential interventions and measurement methods. This review will also examine primary and secondary data.

Globally, a separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (2012) examines trade facilitation needed to boost revenue collection. The study revealed that there was need to expedite customs clearance thus a task force was set in place to examine customs value and tariffs codes by the Director General in 2002 as Customs Clearance audit procedure. It also states that this territory targets areas for auditing, disseminate regulations of record keeping, organize and host periodic meetings to exchange views on customs duty evasion. Customs officers who are qualified are allowed to carry out on site audit and then report to the DGOC about the results concerning the audit.

In this study, it was discovered that determination of value of goods may be difficult to acquire if there is conflict between the auditee and the suppliers, some auditees may terminate their transactions before being audited and there is a low rate in terms of capacity due to early retirement. However, the study indicates that post clearance audit has raised revenue collection due to importers' compliance and recovery of evaded duties. The territory also has its own IT infrastructure and personnel expenses thus reducing the cost of conducting audit procedures in areas such as revenue collection, increase trade facilitation and economic competitiveness.

Another study was conducted by the Canada Border Services Agency (2011) in boosting trade facilitation through post clearance audit. Despite challenges such as changes in legislation, building a flexible system and developing strong relationships with the trade community, Canada has recorded a reduction in error rate for non-compliance under tariff classification program alone. Because of post clearance audit the rate of errors was from 27.90% in 2005 to 18.80% in 2010-11. This result implies that post clearance audit plays an effective role to the security and prosperity for the Government of Canada and the trade community. For Canada, Post clearance audits are an integral element within the Customs continuum.

At regional level, Asiweh and Abiola (2012) conducted a study on the effects of tax administration on revenue collection in Nigeria. The study focused on the Nigerian supervision on taxes and efforts to trim down ducking of taxes and spawn revenue for the country's desire on growth. It made operated with online review forms. Statistics were used descriptive to decipher replies. This case concluded that the revenue from taxes is an act that is useful in strategizing and is an accountability in administration of tax. The country lacks execution machineries, adequate manpower and effective postal and communication systems among other challenges. The study concluded that diversification of revenue sources for purposes of economic development is very important for Nigeria.

At national level, another case study was carried out to gather information on system modernizations having an effect on collection of revenue (Muthama, 2013). The study used descriptive study design and derived data was collected. The research exploited KRA data that harbored its financial years during Simba System evolution, which is from 2001 to 2009. The study ascertained that after implementation of Simba, the number of transactions and revenue collected had increased. The transactions involved were allied with the revenue amassed but contrariwise to exchange rates, running expenses as well as inflation. The study does not examine post clearance audit as a system for revenue collection, however it illustrates that tax administrations modernizations should be encouraged as it enhances revenue collection.

Furthermore, another study of Kenya Revenue Authority on effects of internal controls on revenue collection was conducted (Mwachiro, 2013). The study used qualitative and quantitative approaches for data collection. Questionnaires were distributed to 38 respondents and collected.

Findings revealed that, in order for internal controls to function, it should involve available elements such as control environment, risk assessments, control activities, monitoring, information and communication. With weak internal controls, there is bound to be loss of revenue, fraud cases as well as embezzlement of revenue. This study, suggests that although there are setbacks in internal controls, they can significantly affect collection of revenue in KRA. This being mentioned, nonetheless, it does not fully examine how post-clearance auditing framework and pre-arrival clearance have an influence on trade facilitation.

2.5 Critique of Existing Literature

From the literature above, the researcher discovered that Customs Department plays an integral part in collection of import duty and VAT duty. This is a result of post clearance audit at selected entities whereby owners are required to comply with statutory regulations by producing required books, documents or any other data related to goods. The studies examined above explain that post clearance audit has facilitated international trade as well as collection of revenue in different countries.

Studies in Taipei and Canada illustrate that post clearance audits by Customs has helped improved traders' compliance and improve trade facilitation. However, the studies have not illustrated the effects of how post clearance audit on facilitating trade. In Nigeria, the case was on how collection of revenue is affected by revenue management however, it did not elaborate on how post clearance audit helps reduce tax evasion. In Kenya, another case was how collection of revenue is affected by revenue management but the researcher realizes that the study did not examine post clearance audit as a system for trade facilitation. Additionally, another case of analysis involved how collection of revenue is affected by internal controls The researcher feels that the study did not elaborate that post clearance audit eventually has an impact on trade facilitation.

2.6 Summary

Conclusively, the literature above begins by illustrating theories relating to the study and elaborates on the variables. These variables include; risk analysis, verification and evaluation. Literature on these variables has been presented. The researcher has also presented literature in connection with the study using the global perspective, regional level and national level and also critique the literature. The literature involved post clearance audit in Taipei, Canada, Nigeria as well as Kenya. This literature concludes that evidently, Customs and Border Control Department also account for revenue collected, recover duties remitted by importers and improve the compliance of traders as well as trade facilitation.

2.7 Research Gaps

The literature examines the effectiveness and efficiency of post clearance audit on boosting trade facilitation. The literature presents case studies on trade facilitation, effects of revenue systems reforms and modernizations and effects of internal controls on revenue collection. It discovered that equipping staff with training and IT infrastructure boosts capacity and enhances trade facilitation however, the literature did not peek at all into the effect of post clearance audit on trade facilitation and thus a gap arises and requires research to be done to find any information relevant to it.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Jonker and Pennink (2010) regard research methodology as preparing a type of repertoire, based on a set of premises, (theoretical) considerations and practical conditions, according to which the researcher structures the logic of the research given the question he/she wants to answer. In this chapter, the study established the method to utilize in the collection of data related to the study. This involved the research design, population, sample frame, sample and sampling technique, data collection instruments, data collection procedure, pilot testing and data analysis.

3.2 Research Design

In this section, the researcher established the objective of the research together with all the identified questions that facilitated the data processing process of this study. The research took on both qualitative and quantitative approaches in collecting data. It also employed a descriptive design since it permitted the researcher a wide variety of data to be reviewed during the survey process. Additionally, the researcher will use a correlation design.

Correlation design, according to Matthews and Kostelis (2011), is defined as examining the relationship of variables across distributions. Therefore, this research focused on examining the variables relationship to one another. The study intended to examine the scale of relationship between trade facilitation, risk analysis, proper verification and evaluation. Through the research, the researcher was able to point out how post clearance audit affects trade facilitation.

Correlation can be positive whereby scores of variables are either increasing or decreasing together, or negative correlation whereby scores of one variable are increasing and for the others are decreasing (Brewerton and Millward, 2001).

3.3 Target Population

A population refers to the total collection of elements about which a researcher can make inferences since they possess a common characteristic. A population can be categorized as either target population or accessible population. In this study, the researcher targeted and involved a population of post clearance officers at Times Tower in Nairobi.

Table 3. 1 Target Population

Category	Target population	Percentage
Top level management	3	4
Middle level management	22	27
Operations	57	69
Total	**82**	**100**

3.4 Sampling Frame

Sampling frame is all items in any field of inquiry that constitute a universe or population and forms the entire list from which a sample is selected. It is the single most important aspect in all list-based data collection approach because it serves as a foundation on which all other elements of the survey depend on (National Academies Press, 2012). Therefore, a sampling frame warrants less sampling errors. The sampling frame drowned from customs officers at Times Tower.

Table 3. 2 Sampling frame

Category	Frequency	Sample Size	Percentage
Top Management Level	3	1	1
Middle Management Level	22	17	25
Support Staff	57	50	74
Total	**82**	**68**	**100**

3.5 Sample and Sample Technique

In order to configure a sample for the research, the researcher used stratified random sampling. This assisted the researcher to use a criterion to randomly select the subjects in various sub-groups. This kind of sampling evaded errors and also discourage bias by the researcher while selecting the subjects.

In this case, the sample size derived from Yamane's formula (1967) as follows:

Where n = $\frac{N}{1+N(e)^2}$

n = Number of samples

N= Total population

1 = Constant

e = Precision level

The confidence level was 95%. Therefore, $n = \frac{82}{1+82(0.05)^2}$ $n = 68$.

3.6 Data collection instruments

The researcher used a secondary data approach to collect information from respondents. The information to be gathered by the researcher from secondary sources will aid answering questions relating to the study. Questionnaires were issued to respondents. They involved close ended/ structured questions to give an insight on viewpoints on deliberations and open ended/ unstructured questions which gave respondents the privilege to add subjective information relating to the study. Additionally, likert scaling was involved in order to measure the perception, attitude, values and behavior of the respondents. The researcher considered using questionnaires because they are easy to analyze, economical to use and easy to administer.

3.7 Data Collection Process

The secondary data was collected by the researcher through questionnaires, engaged respondents from the Customs Border Control Department in the Nairobi region. The questionnaires were self- administered. The questionnaires were then collected by the research for analysis of the information provided by the respondents. Data collection helps the researcher to plan and execute ways of investigating the data at hand (Olsen, 2011).

3.8 Pilot Testing

The accuracy of data is important relating to any study and the data collection preferences. Reliability and validity of a study depend on the accuracy of data collected. Pilot testing aids in establishing the appropriateness of the chosen instrument before the actual issuance is conducted. In pilot testing, the think-aloud technique is very useful for determining whether respondents are interpreting the items the way a researcher has intended by verbalizing with them about their thoughts and perceptions while they engage on any activity given by the researcher (Johnson & Christensen, 2010).

3.8.1 Validity

Generally, validity refers to the degree to which a test measures what it is supposed to measure. It may be in two forms namely; internal and external. Internal validity refers to the degree of study results corresponds to reality whereas external validity refers to the degree to which study results can be generalized (Klenke, 2008). The study employed validity by use of a number of respondents and secondary data to be collected. There can be instances whereby study results are generalized if several situations have been considered for study and similar results found (Yin, 2003). Validity can be applied using face validity, content validity and construct validity depending on the study. The researcher employed content validity for this study.

3.8.2 Reliability

Reliability refers to the rate at which research can be repeated and obtain the same study results. A high reliability is established when the measure produces similar results under consistent conditions. Reliability is often measured with a reliability coefficient. It is aligned to dependability, consistency and the stability of a test. Since the study is both qualitative and quantitative in nature, the reliability of this study will be realized by establishing trustworthiness between the researcher and the selected respondents.

Moreover, according to Loewenthal & Lewis (2015), reliability is a reflection of how accurate and precise a test score is. A test cannot be reliable unless the items are clear and unambiguous. It is also important to produce numerical measure of reliability, which is objectively defined, so as to allow comparison between tests. The forms of reliability test assessments are item-total correlations, test-rest reliability, split-half reliability, inter-rater reliability and factor and principal components analysis. Reliability improves cases of errors occurring by comparing scores of tests and the true scores. The researcher handed out questionnaires to respondents to identify whether or not the response balanced with that of the study sample. The study findings indicated that the data instruents for each variable are reliable as shown in table 3.3 below

Table 3.3 Reliability statistics

Variable	Cronbach's Alpha	Items	Comments
Risk analysis	0.569	5	Reliable
Verification	0.756	5	Reliable
Evaluation	0.879	5	Reliable
Trade Facilitation	0.698	4	Reliable

3.9 Data analysis

Data analysis refers to computing various summaries and derived values from the given collection of data. It may become more intelligent if attempts are made to automate some of the reasoning of skilled data analysts and utilize any approaches developed. Data analysis aims to cover the various activities mentioned, with an emphasis on mathematical statistics and its extensions relating to a study (Mirkin, 2011).

Data collected by the researcher was organized and analyzed in systematic way in order to summarize and convert the data into meaningful statistics. The data was analyzed using qualitative and quantitative techniques. Data was edited, coded and entered into a spreadsheet and analyzed using Statistical Package for Social Sciences (SPSS). The data will then be analyzed further to attain descriptive statistics namely: frequency tables, graphs, percentages and pie charts. Data analysis can take the form of analysis of variance (ANOVA), regression analysis and Pearson's Correlation analysis to back up the logic of the study. The most appropriate form for this study was multiple regression model. This model determine whether a group of independent variables collectively predict a dependent variable when the regression coefficients are multiplicative in nature (Jacob *et al*, 2013).

The multiple regression is represented as:

$$Y= \beta_0+ \beta_1X_1+ \beta_2X_2 + \beta_3X_3 + €$$

Where Y= trade facilitation (dependent variable)

B_0 = Constant of regression (independent variable)

X_1= Risk analysis

X_2= Verification

X_3= Evaluation

€ = Error term.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter gives the effects of the evaluation of the statistics that had been discovered from the questionnaire as outlined in the study's methodology in the previous chapter. The primary element delivered a general description of the respondents in terms of age, gender, the education level and the working experience. The second part supply relational evaluation of the variables under the study.

4.2 Response Rate

From the results, there have been 46 respondents out of a complete sample of 69 translating to 67%. This, in line with cooper and Schindler (2003) is a great reaction for the data series device used.

Response rate	frequency	percentage
Response	46	67
No response	23	33
Total	**69**	**100**

Table 4. 1 Response Rate

4.3 Demographics Characteristics

Demographics offers a description of the respondents, giving age, gender, working experience and the level of education.

4.3.1 Gender

This study sought to establish the gender of the respondents. The findings are represented in Table 4.2

Gender	Frequency	Percentage
Male	30	65
Female	16	35
Total	**46**	**100**

Table 4. 2 Gender

From the study findings 65% (30) of the respondents were male while the female respondents were 35% (16). From these findings it is clear that the majority of the respondents were male. However, it is noted that the difference in gender was slight. This means that the organization has balanced gender.

4.3.2 Age

This study sought to establish the age of the respondents. The findings are represented in Table 4.3 and Figure 4.2.

Age	Frequency	Percentage
21-30 years	20	43
31-40 years	15	33
41-50 years	8	17
51-60 years	3	7
Total	**46**	**100**

Table 4. 3 Age

The above table 4.3 and figure 4.2 above shows the ages of respondents who participated in the research study. Respondents (7%) were respondents between 51-60 years participated, (17%), 41-50 years, participated (33%), 31-40 years participated and (43%) between 21-30 years participated. This indicates that majority of respondents were between 21-30 years.

4.3.3 Education Level

This study sought to establish the education level of the respondents. The findings are represented in Table 4.4 and Figure 4.3.

Education Level	**Frequency**	**Percentage**
Secondary	6	13
Diploma	8	17
Degree	18	39
Masters	10	22
PHD	4	9
Total	**46**	**100**

Table 4. 4 Education level

From the findings 13 (6) of the respondents were secondary holders, 17% (8) of the respondents were diploma holders, 39% (18) of the respondents were Degree holder, 22% (10) of the respondents were masters holder while 9% (4) of the respondents were PHD holders. From these findings it is clear that the majority of the respondents were degree holders.

4.3.4 Working Experience

This study sought to establish working experience of the respondents. The findings are represented in Table 4.5 and Figure 4.4.

Years of Work	Frequency	Percentage
0-5	15	33
5-10	10	22
10-15	12	26
15-20	9	19
Total	**46**	**100**

Table 4. 5 Working Experience

From the findings 33% of the respondents were secondary had worked in the organization for 0-5 years, 22% of the respondents had worked for 5-10 years, 26% of the respondents had worked for 10- 15 years, and 19% of the respondents had worked for more than 15 years. From these findings it is clear that the majority of the respondents had word of less than five years.

4.3 Descriptive Statistics

4.3.1 Risk Analysis on Trade Facilitation

The first objective of the research study was to analyze the effect of Risk Analysis on Trade Facilitation. The findings of the study regarding the effect of Risk Analysis on Trade Facilitation.were explored by the questionnaires that were issued. A Likert scale of 1-5 was used where; 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree. The findings are indicated in table 4.6

Table 4. 6: Risk Analysis on Trade Facilitation

Statement	Mean	SD
Availability of information on goods has enabled guide clearance of goods	3.99	2.07
Analysis of information on goods has enabled customs to quickly target high risk consignments.	4.34	2.04
Trader proofing reduces the bulk of Audit cases.	4.42	2.03
Intelligence gathering on the process has informed simplification of procedures on goods clearance.	3.63	2.10
Risk analysis enables efficient allocation of resource.	4.65	2.01

Table 4.4 indicates that majority of employees strongly agreed that Risk analysis enables efficient allocation of resource with a mean of 4.65. There was an overall positive feedback on whether the Trader proofing reduces the bulk of Audit cases with a mean of 4.42.Another majority also agreed that Trader proofing reduces the bulk of Audit cases with a mean of 4.34, while on the other hand other respondents agreed that Availability of information on goods has enabled guide clearance of goods with a mean of 3.99. Lastly, the respondents exhibited a positive response to the statement that Intelligence gathering on the process has informed simplification of procedures on goods clearance with a mean of 3.63.The overall mean of 4.20 shows that the respondents were in agreement that risk analysis influences trade facilitation in Kenya.

4.3.2 Verification on Trade Facilitation

The first objective of the research study was to analyze the effect of verification on Trade Facilitation. The findings of the study regarding the effect of Verification on Trade Facilitation.were explored by the questionnaires that were issued. A Likert scale of 1-5 was used where; 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree. The findings are indicated in table 4.7

Table 4. 7: Verification on Trade Facilitation

Statement	Mean	SD
Document verification has reduced time to undertake audit on trader's premises.	4.52	2.03
Inspecting goods at trader's premises enabled traders to save time.	4.56	2.02
Physical inspection gives customs ample time to inspect goods	4.82	2.00

The study findings on table 4.7 shows that majority of the respondents indicated that Physical inspection gives customs ample time to inspect goods with a mean of 4.82. On whether the organization was inspecting goods at trader's premises enabled traders to save time expressed a positive feedback with a mean of 4.56. Also other respondents with a mean of 4.52 agreed that Document verification has reduced time to undertake audit on trader's premises. The findings revealed a positive reaction on verification affects trade facilitation.

4.3.3 Evaluation on Trade Facilitation

The first objective of the research study was to analyze the effect of Evaluation on Trade Facilitation. The findings of the study regarding the effect of Evaluation on Trade Facilitation.were explored by the questionnaires that were issued. A Likert scale of 1-5 was used where; 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree. The findings are indicated in table 4.8

Table 4. 8: Evaluation on Trade Facilitation

Statement	Mean	SD
Highly Trained officers take less time to audit.	4.71	2.01
Professionalism improves performance which influences trade facilitation.	4.56	2.02
The choice of time for audit influences trade facilitation.	4.75	2.01

From the findings on table 4.8, it shows that majority of the respondents agreed that the choice of time for audit influences trade facilitation with a mean of 4.75. An equal response with a mean of 4.71 was obtained on whether Highly Trained officers take less time to audit. Other respondents also indicated that they agreed that the Professionalism improves performance which influences trade facilitation with a mean of 4.56.The overall mean was 4.74. This indicates that majority of the respondents were in agreement about evaluation on trade facilitation.

4.6 Correlation Analysis

This study applied Pearson correlation coefficient which is a measure of the strength of linear association between two variables. It was used to measure to measure the degree of association between two variables. The Pearson correlation coefficient, r, can take a range of values from +1 to -1. A value of 0 indicates that there is no association between the two variables. A value greater than 0 indicates a positive association; that is, as the value of one variable increases, so does the value of the other variable. Where Pearson coefficient is less than 0.4, the correlation is weak and above 0.5 implies a strong correlation.

Table 4. 9 Correlations Coefficient

Correlations Coefficient

INDEPENDENT VARIABLES		**Risk Analysis**	**Verification**	**Evaluation**
Risk Analysis	Pearson	1		
	Correlation			
	Sig.(2-Tailed)	141		
Verification	Pearson	0.878**	1	
	Correlation	0.000		
	Sig. (2Tailed)	141	141	
Evaluation	Pearson	0.560**	0.886**	1
	Correlation	0.000	0.000	0.000
	Sig. (2 Tailed)	141	141	141

**Correlation is significant at 0.01 level (2 tailed)

4.7 Regression Analysis

Regression analysis was utilized to determine the effect of post clearance audit process on trade facilitation. This analysis indicated how the independent variable affected the dependent variable collectively as shown in the table 4.10

Table 4. 10 Linear Regression analysis

Model summary				
Model	**R**	**R square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	0.991[a]	0.802	0.741	0.318

a. Predictors: (constant), risk analysis, verification, evaluation,

The table 4:10 show that the coefficient of determination that is the percentage variation determination in the dependent variable is supported by the variation in independent variables. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table showing the correlation analysis is notable that there exists a strong positive relationship between the study variables as shown by 0.991. R square is 0.802 which implies that 64.4 % of changes in post clearance audit could be accounted to risk analysis, verification and evaluation. This indicates that 35.6% of the changes are associated with other variables. Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable.

4.8 Analysis of Variance

The study used Analysis of Variance (ANOVA) to check how well the model fits the data and the results were presented in table as shown below;

Table 4. 11 Analysis of Variance

ANOVA[a]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Regression	28.961	4	7.819	6.401	0.000[b]
1	**Residual**	115.527	137	0.908		
	Total	144.488	141			

a. Dependent Variable: Trade facilitation

b. Predictors: (constant), risk analysis, verification, and evaluation.

The study sought to determine the variance between independent variable and the dependent variable as well as the significance level in the research. The above table shows significance level, that reveals the correlation between the independent variable (trade facilitation) and the dependent variable (post clearance audit). The significance level of 0.000 is less than 0.05 thus the model is statistically significant.

Table 4. 12 Coefficient

	Un-standardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	4.124	0.812		5.423	0.000
Risk Analysis	0.461	0.302	0.420	2.890	0.36
Verification	0.170	0.108	0.195	0.889	0.106
Evaluation	0.526	0.228	0.280	-4.033	0.005

a. Dependent Variable: trade facilitation

From the analyzed data in table 4.12, the established regression equation was:

Y= 4.124+0.461 x^1+0.170 x^2+0.526 x^3+ε

$x^1$is Risk Analysis, x^2 Verification; $x^3$is Evaluation. From the above linear regression model, all independent variables have positive coefficient. This shows that there is a positive relationship between dependent variable; trade facilitation and risk analysis, verification, and evaluation. The findings therefore indicate a positive relationship between the independent variables and the dependent variable.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the discussion of the findings already presented in previous chapter. Under the discussion, the findings are compared with that of other studies. From the clarifications, suggestions and associations, the conclusions and the recommendations are gathered. The presentation of this section is per the five study objectives of the study. This section makes room for areas of other studies purely based on the limitations as well as the results of this study.

5.2 Summary of The study Findings

This general objective of the study was to investigate the effect of post clearance Audit process on trade facilitation. The specific objectives of the study was to investigate the effect that risk analysis, verification and evaluation affects post clearance audit process. Below is the summary of the findings of the study.

5.2.1 Risk Analysis

Risk analysis is the process of identifying and analyzing potential issues that could negatively impact trade facilitation in order to help organizations avoid those risks. In this study majority of respondents (78%) said that risk analysis have positive effects, while respondents (32%) said risk analysis has no effect on Post clearance audit process. It can also be noted that majority of the respondents said that the effect of risk analysis on Post clearance audit process is at a very high rate. According to the analysis on the extent at which risk analysis affects post clearance audit process showed that; 26% of the respondents rated the effects of risk analysis as very high, 24% of the respondents rated the effect as high, 22% of the respondents rated it as moderate, 13% of the respondent as low extent while 15 % of the respondents rated that there was low effect. From the coefficient analysis, it is noted that the model shows that risk analysis is greater predictor variable.

5.2.2 Verification

In Customs, evaluation of the whole process of post clearance audit has to be done in order to check for its accountability and learning too. In this study majority of respondents (74%) said that verification have positive effects, while respondents (26%) said verification has no effect on Post clearance audit process. It can also be noted that majority of the respondents said that the effect of verification on Post clearance audit process is at a very high rate. According to the analysis on the extent at which verification affects post clearance audit process showed that; 28% of the respondents rated the effects of risk analysis as very high, 24% of the respondents rated the effect as high, 22% of the respondents rated it as moderate, 17% of the respondent as low extent while 9 % of the respondents rated that there was low effect.

5.2.3 Evaluation

In Customs, evaluation of the whole process of post clearance audit has to be done in order to check for its accountability and learning too. In this study majority of respondents (80%) said that evaluation have effects, while respondents (20%) said evaluation has no effect on Post clearance audit process. It can also be noted that majority of the respondents said that the effect of evaluation on Post clearance audit process is at a very high rate. According to the analysis on the extent at which evaluation affects post clearance audit process showed that; 22% of the respondents rated the effects of risk analysis as very high, 24% of the respondents rated the effect as high, 35% of the respondents rated it as moderate, 15% of the respondent as low extent while 11 % of the respondents rated that there was low effect

5.3 Conclusions

This research study has been eventful from the development of suggestion to facts series and finally statistics evaluation. The study whose essential purpose was to establish effects of post clearance audit process on trade facilitation in Kenya.

This study was brought up when the problem was identified, which led to the choice of the study field. Once the title was selected, proper research questions and objectives were formulated leading to creation of a conceptual framework. This was followed by the hard exercise of literature review, where numerous literatures related to this study was reviewed leading to formulation of research methodology, data collection tool, a questionnaire was designed, and data collection was conducted.

The research found out that risk analysis plays a major role in post clearance audit process as compared to verification and evaluation. Further, risk analysis is not implemented well on post clearance audit that affects trade facilitation.

It can be concluded from the results that post clearance audit process plays a role in facilitation of trade in the region. It is clear from the study that the factors outlined influence post clearance audit process.

5.4 Recommendations

The study established that post clearance audit procedures lead to an improvement in trade facilitation and reduces the amount of time it takes to clear goods. This study therefore recommends that the management of the customs department should ensure that the post clearance audit procedures are followed.

This study outline that customs administrations have recurrent problems in identifying origin of certain goods. Hence Customs officers need to assess information to reflect any identified risks on imported goods. Therefore, this study recommends that customs officers should have a better system for studying about certain goods in order they can be able to analyze the possible risks.

The study also found that verification of goods should be improved to help in trade and enables the customs department collect the correct revenues as they are able to see the actual items imported. This study therefore recommends that the government of Kenya should formulate more policies to support and govern verification process. The study further established that verification of goods at customs department is not correctly done. However, this can lead to the clearance of the wrong goods, which may increase chances of smuggling. This study therefore recommends that more policies should be formulated to govern verification process.

The study established that some of the standards at the customs department are outdated and need to be reviewed to enhance Evaluation of goods can be easy. This study therefore recommends that the management of the customs department should update the standards so as to enhance integrity and improved evaluation process so as it can promote trade facilitation.

5.5 Recommendations for further studies

This study was limited to Customs Department at Times Tower. It therefore recommends further studies to focus on operations related to post- clearance audit at entry and exit points in Kenya Such as Busia, Isebania, Malaba, Mombasa port and Lokichogio. This study further recommends other researchers to focus on the factors affecting the implementation of post-clearance audit on trade facilitation in Customs in Kenya.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER

Immaculate N. Musembi

P.O Box 11781-00400

Nairobi, Kenya.

Date……………

Dear Respondent,

RE: REQUEST FOR DATA COLLECTION

I am a post graduate student at the Kenya School of Revenue Administration pursuing a Post Graduate Diploma in Customs Administration. As part of this course, it is a requirement to carry out a research project. It is a research on the **effect of post clearance audit process on trade facilitation in the Kenya.** For successful completion of this research, a questionnaire is submitted to facilitate in collecting data relating to the subject above.

For this purpose, I kindly request you to respond to the questionnaire to the best of your ability. The information will be confidential and your participation will be highly appreciated in this evaluation.

Yours Sincerely,

Immaculate N. Musembi

APPENDIX II: QUESTIONNAIRE

The information that will be gathered in this questionnaire will be in regard to the effect of post clearance audit on trade facilitation in the western region. Kindly take a few minutes of your time to fill in this questionnaire. Your response will be conducted confidentially and your participation will be highly appreciated.

SECTION I: GENERAL INFORMATION

1. What is your Gender?

	Male:	[ ]
	Female:	[ ]

2. What is your age bracket?

	21-30	[ ]
	31-40	[ ]
	41-50	[ ]
	51-60	[ ]

3. Highest Educational level:

	Secondary	[ ]
	Diploma	[ ]
	Degree	[ ]
	Masters	[ ]
	PhD	[ ]

4. Job Description …………………………………………………………………

5. How long have you been in KRA?

	0-5 years	[ ]
	5-10 years	[ ]
	10-15 years	[ ]
	15-20 years	[ ]
	Over 20 years	[ ]

SECTION II:

1. **Risk Analysis**

Kindly indicate the extent to which you agree or disagree that risk analysis affects trade facilitation. Rate your response on a scale of five units whereby: 1 =Strongly Disagree, 2= Disagree, 3= Neutral, 4=Agree, 5=Strongly Agree.

No.	**Statement**	**1**	**2**	**3**	**4**	**5**
1	Availability of information on goods has enabled guide clearance of goods					
2	Analysis of information on goods has enabled customs to quickly target high risk consignments.					
3	Trader proofing reduces the bulk of Audit cases.					
4	Intelligence gathering on the process has informed simplification of procedures on goods clearance.					
5	Risk analysis enables efficient allocation of resource.					

2. **Verification**

Kindly indicate the extent to which you agree or disagree that verification affects trade facilitation. Rate your response on a scale of five units whereby: 1 =Strongly Disagree, 2= Disagree, 3= Neutral, 4=Agree, 5=Strongly Agree.

No.	Statement	1	2	3	4	5
1	Document verification has reduced time to undertake audit on trader's premises.					
2	Inspecting goods at trader's premises enabled traders to save time.					
3	Physical inspection gives customs ample time to inspect goods					

3. Evaluation

Kindly indicate the extent to which you agree or disagree that Evaluation affects trade facilitation. Rate your response on a scale of five units whereby: 1 =Strongly Disagree, 2= Disagree, 3= Neutral, 4=Agree, 5=Strongly Agree.

No.	Statement	1	2	3	4	5
1	Highly Trained officers take less time to audit.					
2	Professionalism improves performance which influences trade facilitation.					
3	The choice of time for audit influences trade facilitation.					

4. Post Clearance Audit Process

Kindly indicate the extent to which you agree or disagree that post clearance audit process affects trade facilitation. Rate your response on a scale of five units whereby: 1 =Strongly Disagree, 2= Disagree, 3= Neutral, 4=Agree, 5=Strongly Agree.

No.	Statement	1	2	3	4	5
1	Post clearance audit process has enabled traders to save time on goods clearance.					
2	Post clearance audit process has enable traders to save demurrage cost.					
3	Post clearance audit process has improved compliance of trade.					
4	Post clearance audit process has improved efficiency of goods clearance.					

Thank You for Your Response!