REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

ON THE

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE REPUBLIC

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2014

FOR THE

FIFTH SESSION OF THE ELEVENTH NATIONAL ASSEMBLY

Appointed by Resolution of the House on 25th September, 2015
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**Appendix 1 – List of Officials**  
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Consisting of:

Ms M G M Imenda (Chairperson); MP; Mr V Mooya, MP; Mr J Zimba, MP; Mr A Milambo, MP; Mr M Mbulakulima, MP; Ms C Namugala, MP; Mr V Lombanya, MP; Brig Gen Dr B Chituwo, MP; and Ms D Siliya, MP.

The membership of your Committee changed following the appointment of Ms D Siliya, MP, as Minister of Energy and Water Development. She was replaced by Mr M Mumba, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,


Functions of the Committee

2. The functions of your Committee are to examine the accounts showing the appropriation of sums granted by the National Assembly to meet the public expenditure, the Report of the Auditor General on these accounts and such other accounts, and to exercise the powers as provided for under Article 117(5) of the Constitution of the Republic of Zambia as amended in Article 203 (5) and (6) of the Amended Act No. 2 of 2016.

Meetings of the Committee


Procedure adopted by the Committee

4. With technical guidance from the Auditor General, the Accountant General and the Controller of Internal Audits, your Committee considered both oral and written submissions from Controlling Officers of ministries and institutions that were cited in the Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31st December, 2014. The Secretary to the Treasury was also requested to comment on the financial status of management in all the ministries and institutions cited in the Report.

This Report contains the observations and recommendations of your Committee and includes, in some cases, proposed remedial measures to correct identified irregularities and weaknesses. The Report is in two parts. Part I deals with the Auditor General’s general comments and the response from the Secretary to the Treasury while Part II captures the responses from Controlling Officers on the individual audit queries.
PART I

AUDITOR GENERAL’S COMMENTS

5. The Report was submitted to His Excellency the President for tabling in the National Assembly in accordance with the Provisions of Article 121 of the Constitution of the Republic of Zambia. Each Appropriation Account as reflected in the Financial Report for the Year Ended 31st December, 2014, was certified in accordance with the provisions of the Public Finance Act, No. 15 of 2004. This Report contains only issues that remained unresolved as at 31st December, 2015.

Statement of Responsibility

According to the provisions of the Public Finance Act, No. 15 of 2004, the Minister responsible for finance shall, subject to the provisions of the Constitution and the Act, have management, supervision, control and direction of all matters relating to the financial, planning and economic management of the Republic. The Minister is the Head of the Treasury established under the Act and shall make policy and other decisions of the Treasury except those designated under Section 6 of the Act to the Secretary to the Treasury who shall exercise the powers of the Treasury. In exercising these powers, the Secretary to the Treasury designates in respect of each head of revenue or expenditure provided for in the financial year, an officer who shall be a Controlling Officer. The responsibilities of the Controlling Officers are outlined in Section 7(3) to (9) of the Public Finance Act and include the preparation and submission of financial statements to the Auditor General for audit and certification before inclusion in the Financial Report. The audited financial statements are then submitted to the Secretary to the Treasury to enable him/her prepare the Annual Financial Report for tabling in the National Assembly by the Minister responsible for finance in accordance with the provisions of Article 118 (1) of the Constitution of Zambia.

Audit Scope and Methodology

The Auditor General reported that the audit scope included Government Ministries, Provinces and some Spending Agencies (MPSAs) as contained in the Financial Report of the Republic. The audit covered Revenue and Expenditure on the accounts for the Financial Year ended 31st December, 2013. The Report also focused on information technology systems in the MPSAs.

As regards the methodology employed, the Auditor General explained that the Report was as a result of programmes of test checks, inspections and examination of accounting, stores, projects and other records maintained by the public officers entrusted with handling public resources. The audit programmes were designed to give reasonable assurance of financial management in the Government and to enable the Auditor General express an opinion on the financial statements for the year. They were also intended to provide information that would assist Parliament in its oversight responsibility over the application of public resources and the execution of programmes by the Executive.

In the course of preparing the Report, each Controlling Officer, where possible, was sent appropriate Draft Annual Report Paragraphs (DARP) for comments and confirmation of the correctness of the facts presented. Where the comments varied with the facts presented, and were proved to be valid, the affected DARP were amended accordingly. In order to ensure that the limited audit resources were directed towards the most risky areas of Government operations, a risk based approach in prioritising the clients was used.

Limitation of Scope

The execution of the audit programmes was limited by factors, among others, as outlined below.
i. **Staff Constraints**

Although the staffing position in the Office has over the years been improving, staffing levels are still not commensurate with the number of Government programmes being undertaken throughout the country. As of November, 2015, one hundred and fifteen staff positions had been frozen and Treasury Authority was not given for their reactivation. This had a negative impact in that it limited the audit coverage.

ii. **Funding**

During the period under review, the funding was turbulent and this affected the audit plans such that audit assignments could not be carried out on time.

iii. **Challenges Caused by the Integrated Financial Management Information System**

The implementation of the Integrated Financial Management Information System (IFMIS) in Ministries had caused considerable challenges in the finalisation of the Financial Report. There were still challenges relating to the use of the system in the budgeting process and production of the Financial Report.

**Internal Control**

The *Public Finance Act, No. 15 of 2004*, provides for the formation of audit committees in all Ministries, Provinces and Spending Agencies (MPSAs). However, though formed in the MPSAs, most of the Audit Committees have not been operational. Therefore, the audit committees have not provided the required oversight in order to enhance corporate governance in the MPSAs.

Although there have been some improvements in financial management in the MPSAs as a result of the measures that the Government has put in place, weak internal controls were observed in certain operations in the MPSAs. The common internal control weaknesses observed in most MPSAs include flouting of procurement procedures; failure to account for stores procured; failure to supervise projects for which contractors were paid; failure to undertake activities which were paid for; failure to collect revenue due to Government; failure to terminate retired or deceased officers from the payroll; poor custody of financial records; non-processing of data in the IFMIS leading to incomplete financial statements; and misapplication of funds, among others.

**Statement of Revenue, Financing and Expenditure for the Year ended 31st December 2014**

Article 211(4) of the Constitution of the Republic of Zambia states that a financial report in respect of a financial year shall include accounts showing the revenue and other moneys received by the Government in that financial year, the expenditure of the Government in that financial year other than expenditure charged by the Constitution or any other law on the general revenues of the Republic, the payments made in the financial year otherwise than for the purposes of expenditure, a statement of the financial position of the Republic at the end of the financial year and such other information as Parliament may prescribe.

**Supplementary**

Although a supplementary funding of K6,477,637,292 was approved, the actual expenditure of K39,529,238,347 was less than the authorised provision of K42,682,034,134. In this regard, a supplementary provision of K6,477,637,292 was not necessary.
Shortfall/Surplus in Revenue

As reflected in the statement B of the Financial Report for the year, the actual revenue collected was more than the estimated revenue by K988,681,234. The Net Surplus of K988,681,231 was attributed to over collection in Value Added Tax, other revenue, general and sector budget support.

RESPONSE BY THE SECRETARY TO THE TREASURY

AUDIT QUERY

PARAGRAPHS 1 - 5

The Secretary to the Treasury began his submission by stating that the comments of the Auditor General on the accounts for the Financial Year ended 31st December, 2014, were greatly appreciated. The process of interacting and communicating with Controlling Officers whose accounts were audited was also appreciated as it provided an opportunity for each Controlling Officer to clarify and take corrective action on the audit findings so that matters could be resolved during the process of the audit. The following paragraphs contain the submissions of the Secretary to the Treasury on the audit findings.

Introduction

The Secretary to the Treasury stated that the facts were as stated by the Auditor General in the Report. This Report was tabled before the National Assembly in accordance with the provisions of Article 121 of the Constitution of the Republic of Zambia after the certification of each appropriated account as reflected in the Financial Report for the year ended 31st December, 2014, which was tabled by the Minister of Finance in accordance with the provision of Article 118 (1) of the Constitution of the Republic of Zambia. Regrettably, some matters remained unresolved as at 31st December, 2015, thereby being included in this report.

Committee’s Observations and Recommendations

Your Committee notes the submission by the Secretary to the Treasury but urges him to ensure that all outstanding issues are dealt with expeditiously in order to avert the accumulation of a huge backlog of outstanding issues. Your Committee also urges the Secretary to the Treasury to ensure that he uses all available options, including capacitating the committee of staff to ensure that matters are followed up and resolved without any further delay. Your Committee awaits a progress report on the matter.

Statement of Responsibility and Audit Scope

Audit Scope

The Secretary to the Treasury acknowledged that the facts were as stated, the Minister of Finance and the Secretary to the Treasury who constituted the Treasury did ensure that all Controlling Officers performed their duties as outlined in Section 7(3 to 9) of the Act by preparing and submitting Certified Financial Statements for audit and inclusion in the Financial Report.

Committee’s Observations and Recommendations

Your Committee notes the submission by the Secretary to the Treasury and urges him to ensure that all MPSAs are up to date with submission of Certified Financial Statements for audit and inclusion in the Financial Report.

Audit Methodology

The Secretary to the Treasury stated that the methodology used by the Auditor General was appreciated and the interaction with the various Controlling Officers was welcome as it provided checks and balances in the management of Public Resources. Furthermore, he thanked the Office of the Auditor General for availing
vital information to assist Parliament in its oversight responsibility over the management of Public Resources by the Executive.

**Committee’s Observations and Recommendations**

Your Committee notes the submission by the Secretary to the Treasury.

**Limitation of Scope**

The execution of the Audit Programme was limited by several factors among others. These are set out below.

**Staff Constraints**

The Secretary to the Treasury informed your Committee that he had since engaged the Auditor General to address the challenges of filling the vacant positions to improve the staffing levels. He added that Treasury Authority was granted and so far a number of officers had been recruited and were currently being oriented. He hoped that this would increase the scope of work.

**Funding**

On funding, the Secretary to the Treasury informed your Committee that he would always endeavour to provide adequate funds to the Auditor General as long as the revenue levels were adequate.

**Challenges caused by the Integrated Financial Management Information System (IFMIS)**

The Secretary to the Treasury explained that as regards the challenges experienced in the finalisation of the Financial Report due to the use of the Integrated Financial Management Information System (IFMIS), he had engaged the consultant who had since submitted his findings. As a consequence, a system review was being undertaken to address the shortcomings.

**Committee’s Observations and Recommendations**

Your Committee notes the submission and urges the Secretary to the Treasury to ensure that the provision of resources to the Office of the Auditor General is increased in order to enhance its operations and equip it for all emerging challenges. Your Committee further urges the Secretary to the Treasury to ensure that issues related to IFMIS are given urgent attention in order to eradicate challenges being faced in MPSAs with its usage. Your Committee urges the Office of the Auditor General to take note of the matter in future audits.

**Internal Control**

The Secretary to the Treasury noted the Auditor General’s comment. The Audit Committees comprised five non-executive members, three from the Private Sector and two from the Public Sector and as at 31st December, 2014, there was a total of thirty-three established Audit Committees in the Public Service covering all MPSAs. This was part of the efforts to enhance Internal Controls in MPSAs.

As defined in the *Public Finance Act, No. 15 of 2004*, the Audit Committees were constituted to provide structured, systematic oversight of the MPSA’s governance, risk management and internal control practices in order to assist the Treasury and Controlling Officers to enhance corporate governance in the management of public resources. Details of the Audit Committee meetings held in the year under review were available for audit verification. As regards the operationalisation of the Audit Committees, the Secretary to the Treasury submitted that guidelines provided that meetings were to be held on a quarterly basis and extraordinary meetings could be held when necessary, as the guidelines provided for extra ordinary meetings to address urgent matters raised by the Internal Audit Unit. During the year under review, between one and
six meetings were held in twenty-six MPSAs out of a total of thirty-three MPSAs which had Audit Committees. This, therefore, showed that Audit Committees were operational in twenty-six out of thirty-three MPSAs. On the balance of seven Audit Committees which failed to hold meetings, he stated that the reasons were lack of commitment by members appointed to sit on the Committees and reassignment of members to other stations, thereby resulting in failure to form quorums as provided for in the Audit Committee Manual.

In order to ensure Audit Committees were fully operational in all MPSAs, the Treasury had embarked on the following measures:

- revision of the Audit Committee Manual for smooth operation of the committees. The revised handbook was being finalised for printing and circulation;
- revision of the Public Finance Act in order to include some provisions which would enhance the operations of the Audit Committees;
- sensitisation of Audit Committee Members upon appointment and commencement of tenure of office;
- sensitisation of Permanent Secretaries and other key stakeholders on the role of the Audit Committees; and
- effective monitoring of the operations of the Audit Committees.

Financial Management and Internal Controls

The Secretary to the Treasury noted the Auditor General’s observations. He, however, informed your Committee that, if aggregated against the annual revenue collection and expenditure, the percentage of adherence was as listed below: audit queries as percentage of actual revenue for the years 2012, 2013 and 2014, were at 0.0083%, 0.0049% and 0.0109, respectively.

The adherence level for revenue collections was at 100% for 2012 to 2013, even though there was an increase for 2014, which the Treasury would seek to address through the orientation of non-accounting staff responsible for collection of revenues in MPSAs.

Audit queries as percentage of actual expenditure for 2012, 2013 and 2014, averaged at 3.2376%, 0.8342% and 1.3830%, respectively.

The Secretary to the Treasury stated that based on the statistics provided, adherence levels for reported expenditure were at 99% for 2013 and 2014, compared to 97% in 2012 even though the trend was increasing in 2014, thereby indicating the need to tighten the current internal controls in MPSAs.

Committee’s Observations and Recommendations

While noting the efforts made in ensuring improved adherence levels in MPSAs, your Committee observes with concern that the volume of queries and the amounts have been rising over the years. Your Committee cites for example the issue of unvouched expenditure which has risen to alarming levels compared to previous years. Your Committee impresses upon the Secretary to the Treasury to ensure that internal controls are further enhanced by way of revising the Financial Regulations to include punitive measures to serve as a deterrent to all MPSAs. Your Committee further urges the Secretary to the Treasury to ensure that the Controlling Officers are appointed on merit in accordance with the provisions of the Public Finance Act.
Your Committee notes that while appearing before your Committee, most of the Controlling Officers, who are mostly Permanent Secretaries, express ignorance about the financial operations of their institutions and appear to have been executing payments without understanding the implications. Your Committee observes that Controlling Officers are key to budget execution and only when these officers fully understand all the systems will queries reduce in MPSAs as their subordinates will avoid flouting various regulations. Your Committee urges the Office of the Auditor General to note the matter in future audits.

**AUDIT QUERY PARAGRAPH 6**

**Statement of Revenue, Financing and Expenditure for the Year ended 31st December, 2014**

6. The Secretary to the Treasury noted the audit observation and explained that the Treasury did provide an explanation on the treatment of the Supplementary Provision of K6,477,637,292 under Note 10 of the Financial Report tabled in Parliament.

**Committee’s Observations and Recommendations**

Your Committee notes the submission by the Secretary to the Treasury, but urges him to ensure that supplementary expenditure is avoided as much as possible. Your Committee recommends that the matter be closed subject to audit verification.

**Shortfall/Surplus in Revenue**

The Secretary to the Treasury noted the audit observation. He explained that a net surplus of K988,681,231 was achieved during the year under review and was attributed to over collection in Value Added Tax, other revenue, general and sector budget support.

**Committee’s Observations and Recommendations**

Your Committee does not accept the reason given by the Secretary to the Treasury and urges him to ensure that set targets by the officers are realistic. Your Committee observes with great concern that revenue collectors, especially ZRA, always achieve targets in almost all its collection categories, giving the impression that they set lower targets in orders to be seen to achieve them and pay themselves bonuses for achieving them. Your Committee urges the Secretary to the Treasury to ensure that the setting of revenue targets for ZRA is closely monitored to avoid the Authority setting lower targets for itself. Your Committee urges the Office of the Auditor General to note the matter in future audits.

**Other Salient Issues Raised by the Committee**

On the general queries raised by your Committee, the Secretary to the Treasury responded as set out below.

**Misapplication of Funds**

The Secretary to the Treasury assured your Committee that the Zambia Public Procurement Authority had a programme to orient officers on the need to avoid misapplications and huge variations on contracts.

**Committee’s Observations and Recommendations**

Your Committee urges the Secretary to the Treasury to ensure that engineers are also included in the orientation so that they can appreciate the implication of varying contracts and budgetary allocations to programmes or activities unrelated to the intended purpose they were allocated for. Your Committee urges the Office of the Auditor General to take note of the matter in future audits.
Project Management – Late Payment and High Administrative Costs

The Secretary to the Treasury submitted that the Treasury was using a Single Treasury Account system to pay contractors and that late payment would only arise where completion certificates were delayed by the officers tasked to certify the works. Other mitigation measures taken on poor management of projects included the taking over of the Rural Roads Unit by the Zambia National Service in order to reduce misuse of resources which was observed in previous years.

Committee’s Observations and Recommendations

Your Committee notes the efforts made and urges the Secretary to the Treasury to ensure that payments are done early in order to avoid penalties and further that clause 4.6 of the General Provisions of the Contract is adhered to in order to minimise variations on contracts. Your Committee recommends that the matter be closed subject to audit verification.

Cabinet Circular on Allowances

The Secretary to the Treasury informed your Committee that some circulars issued from Cabinet Office were not in line with financial regulations.

Committee’s Observations and Recommendations

Your Committee urges the Secretary to the Treasury to ensure that he liaises with his counterpart the Secretary to the Cabinet on matters relating to staff allowances in order to harmonise the existing provisions in the MPSAs. Your Committee resolves to await a progress report on the matter.

Consideration of Treasury Minutes and Outstanding Issues

The Secretary to the Treasury assured your Committee that he would ensure that funds and other resources were availed to a committee of staff to enable them to make follow ups in MPSAs on all outstanding issues during the recess period to enable them prepare a comprehensive report for consideration by the Public Accounts Committee during the First Session of the Twelfth National Assembly.

Committee’s Observations and Recommendations

Your Committee appreciates the efforts made by the Secretary to the Treasury so far, but strongly urges him to ensure that he fulfils the promise made in order to reduce the backlog on outstanding issues.

Revision of Financial Regulations and the Public Finance Act

The Secretary to the Treasury informed your Committee that the process of revising both the Public Finance Act and the Financial Regulations was delayed due to the Constitution amendments and the Budget and Planning legislation which was yet to be enacted. He, however, submitted that the process was underway and would soon be completed.

Committee’s Observations and Recommendations

Your Committee observes with concern that the process has taken too long considering that for the past three years your Committee has been calling for this revision, but very little action has been taken to finalise it. Your Committee urges the Secretary to the Treasury to ensure that the process is expedited and your Committee urges the Office of the Auditor General to note the matter in future audits.
PART II

ZAMBIA REVENUE AUTHORITY (ZRA)

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

7. An examination of records maintained at ZRA Headquarters and nine stations, namely, Lusaka Port Office, Kenneth Kaunda International Airport, Ndola, Nakonde, Kitwe, Livingstone, Katima Mulilo, Kazungula and Victoria Falls border posts revealed the following weaknesses to which the Controlling Officer responded as set out below.

a) Domestic Taxes

   i. Arrears of Tax - Domestic Tax Debt K6,417,054,273

   The Secretary to the Treasury noted the Domestic Tax Debt arrears totalling K6,417,054,273, but clarified that this was as a result of the following:

   ➢ the amounts shown were system closing balances for debt which migrated from the previous system. To determine the amount owed, ZRA had continued to reconcile each taxpayer’s account. Upon conclusion of the reconciliation of the taxpayer’s account, the Authority carried out enforcement actions such as issuing immediate demand letters, warrants of distress and garnishee orders to ensure that the debt and the penalties thereon were promptly collected;

   ➢ part of the debt appearing as outstanding on the Tax Online was due to the following reasons:

      • wrong balances that migrated to the Tax Online system which were transferred as unrebased amounts;

      • Real Time General System payments were sometimes wrongly receipted, but were routinely reallocated to the correct accounts after reconciliation; and

      • Effects of System Transition - Some payments relating to Tax Online returns were held on the old system, while the subject return was posted on Tax Online. These payments related to the system transition year of 2013 and mostly affected the income tax accounts. The taxpayers made income tax provisional payments for the charge year 2013 on the old system, but later filed the 2013 return on the new system (Tax Online). Therefore, the appearance of credit balances on TARPS and the debits on Tax Online gave the impression that arrears had not been recovered.

In order to mitigate this shortcoming, ZRA had created a Debt Recovery Unit specifically to deal with debt under the Finance Division as a way of overcoming the escalating challenges of debt. The collection was an on-going exercise using the applicable tax laws. In addition, a large part of the debt was arising from penalties on late submissions and late payments due to teething problems arising from taxpayers’ failure to submit returns online during the initial stages of the Tax Online rollout. However, action had been taken to ensure clean debt was held on accounts by establishing a data cleaning task force which was mandated to systematically clean the affected taxpayer accounts.
Committee’s Observations and Recommendations

In noting the submission and efforts made by the Secretary to the Treasury, your Committee urges him to ensure that the Debt Recovery Unit is working efficiently and effectively. Your Committee further strongly urges the Secretary to the Treasury to ensure that the new system is fully operational and that the problems related to the transition are resolved without any further delay. Your Committee urges the Office of the Auditor General to note the matter in future audits.

ii. Reduction in Tax Arrears without Supporting Payments

The Secretary to the Treasury noted the audit findings. He further stated that this problem arose as a result of the following reasons:

- from October, 2013, the Tax Online system automatically offset VAT refunds due to taxpayers against any existing tax liabilities that were sitting on taxpayers’ accounts. Hence, part of the reduction in debt was as a result of payments through the offsets which were automatically generated by the system across all domestic tax types hence there was no physical payment made by the taxpayer;

- penalty waivers also contributed to the reduction of the debt as taxpayers did not make any payments, hence they could not be traced. The penalties in question related to the transition period when the Tax Online system was being launched as most taxpayers had challenges in filing returns online which lead to the Authority granting waivers for late submission of the returns by such taxpayers; and

- waivers on penalties were granted on debt related to Government and Government agencies as delayed settlements were attributed to underfunding and left the Authority with no alternative, but to waive the penalties, and these formed part of the reduction in debt without supporting payments.

Committee’s Observations and Recommendations

Your Committee urges the Secretary to the Treasury to ensure that the transition of the system is well managed in order to eradicate the prevailing problems. Your Committee requests the Auditor General to verify the submission. Your Committee will await a progress report on the matter.

iii. Failure to Honour Time to Pay Agreements (TPAs)

The Secretary to the Treasury submitted that this exercise was ongoing with the newly created Debt Recovery Unit which had been assigned to enforce all the TPA’s.

Committee’s Observations and Recommendations

Your Committee urges the Secretary to the Treasury to ensure that all Time to Pay Agreements are honoured without any further delay by ensuring that stringent penalties are imposed against defaulters. Your Committee resolves to await a progress report on the matter.

iv. VAT Refunds to Tax Debtors – K746,990

The Secretary to the Treasury submitted that all the outstanding debt related to tobacco farmers whose output was paid for by tobacco merchants as per current offset arrangement with the Authority. The Authority had a scheme which allowed the tobacco farmers owing to be given VAT refunds without off-setting any liability sitting on their accounts. The letter of engagement for this scheme was availed to the auditors during the audit and was available for scrutiny.
The tobacco farmers off-setting arrangement expired in December, 2015 and was not expected to continue in 2016.

**Committee's Observations and Recommendations**

Your Committee observes with great concern the unique arrangements that the tobacco farmers received from the Authority. In this regard, your Committee directs the Secretary to the Treasury to ensure that the matter is further investigated since it appears to be highly irregular. Appropriate disciplinary action should thereafter be taken against any erring officers. Your Committee resolves to await a progress report on the matter.

v. **Failure to Provide Verdicts for Taxes under Objection – K68,460,426 and K5,322,943**

The Secretary to the Treasury conceded that the assessments in question were objections to the taxpayers. He, however, stated that the current status was that all the assessments had since been resolved with the respective taxpayers. Records and correspondence on the final assessments were available for audit scrutiny.

**Committee’s Observations and Recommendations**

Your Committee recommends that the matter be closed subject to audit verification.

b) **Customs Services**

i. **Uncollected Duties on Transits – K357,465,843**

The Secretary to the Treasury submitted that the audit observation was correct. He stated that the amount of outstanding transits on account of the nine stations stood at K349,239,392 as at 27th January, 2016. The marginal movement in the amounts of outstanding transits was attributed to the historical transits, which accrued on companies that were no longer in business and some guarantors which had ceased to operate. To this effect, the Authority would recommend to the Minister of Finance for remission of these amounts as part of the system clean up.

The Secretary to the Treasury explained that one of the fundamental factors that led to the prolonged outstanding transits for about seven years was that about 127 clearing agents had obtained an injunction in the year 2008, restraining ZRA from enforcing accountability on outstanding transits. This matter had since been discontinued, and the Legal Department notified the Customs Division on 18th June, 2015. The transits were currently being enforced. To this effect, the ZRA had now intensified its enforcement without any hindrance and in this regard, a number of clearing agents had been placed on suspension to account for the outstanding transactions.

Furthermore, the Authority was actively pursuing solutions to address the root causes of these long expired unacquitted transits on the system. The initiatives under implementation included:

- procurement of Tablet Personal Computers (TPCs) which would be deployed at all stations including at the Entry and Exit Gates to facilitate Real Time acquittals of transits. One of the causes of the outstanding transits had been that there was no automated system at the Entry and Exit Gates to facilitate real-time acquittal of transits. The records were captured manually in a book and later updated in the ASYCUDA system and this was one source of lapses;

- the Authority had embarked on a data clean up exercise which covered all outstanding transactions, including transits. It was envisaged that this clean up
would also provide an opportunity to undertake a reconciliation and ascertain the genuinely outstanding transactions. It must be noted that in some instances, transactions which were indicated to be outstanding on the system were later proved not to be outstanding, as the respective stakeholders provided the documentation to prove acquittal;

- Zambia Revenue Authority (ZRA) and Common Markets of Eastern and Southern Africa (COMESA) signed a Memorandum of Understanding (MOU) on 5th May, 2015, for the implementation of the Electronic Cargo Tracking (Monitoring) System (ECTS) which would also mitigate risks associated with transit fraud. Eventually, the COMESA Cargo Tracking System had capability for goods to be monitored not only in Zambia, but across the participating COMESA Member States and this would be considered across transit corridors in future. In addition, the outstanding amounts in transits were historically due to non-availability of real-time monitoring of goods in transit. The implementation of the Electronic Cargo Tracking (Monitoring) System (ECTS) had since commenced; and

- the increased internal enforcement activities and collaboration with neighbouring countries in terms of exchange of information with regard to goods that were purported to be in transit was expected to increase compliance. The Authority was actively working with neighbouring countries to mitigate incidences of transit fraud and there were plans to interface the systems based on the World Customs Organisation’s Globally Networked Customs (GNC) concept and also to implement One Stop Border Posts (OSBPs) at key borders.

Committee’s Observations and Recommendations

Your Committee notes the efforts that the Treasury is making to ensure that uncollected duties on transit are minimised. However, your Committee urges the Secretary to the Treasury to ensure that more vigorous efforts are employed by ensuring that the whole outstanding amount is collected without any further delay. Your Committee awaits a progress report on the matter.

ii. Failure to Collect Revenue on Static Transits - K54,686,846
On the reported static transits amounting to K54,686,847.91, the Secretary to the Treasury reiterated that most of these amounts were on account of guarantors that had ceased to operate and also some clearing companies that had not been operational. As earlier stated, the Authority would recommend for remission of all transit transactions whose bond guarantee was under guarantors and clearing companies which had ceased to operate. Furthermore, some of these expired transits were still appearing on the system due to technical challenges, but could otherwise be accounted for. To this effect, the ZRA had embarked on a clean up exercise of the data to ascertain the genuinely outstanding transactions. Once this exercise was completed, the Authority would consider pursuing the companies that would still be in operation to account for the transits.

Committee’s Observations and Recommendations

Your Committee expresses concern at the period it has taken the Authority to clean up its books. Your Committee urges the Secretary to the Treasury to ensure that the process is expedited and that all outstanding static transits are collected without any further delay. Your Committee awaits a progress report on the matter.
iii. **Outstanding Removals in Bond (RIBs) – K54,416,922**

The Secretary to the Treasury submitted that the audit observation was correct. He explained that the status as at 27th January 2016 was that sixty-four RIBs with guarantees amounting to K4,607,089 had since been acquitted leaving a balance of thirty-three RIBs with guaranteed amounts totalling K809,833 still outstanding under Lusaka Port Office.

**Committee’s Observations and Recommendations**

In noting the submission, your Committee urges the Secretary to the Treasury to ensure that the process is expedited and that all outstanding Removals in Bond (RIBs) are acquitted without any further delay. Your Committee awaits a progress report on the matter.

iv. **Amounts Owed in Customs Taxes – K293,590,364**

The Secretary to the Treasury informed your Committee that the Authority had worked hard to reduce the outstanding debt. To deter any further accumulation of the debt, a computer programme had been developed which automatically blocked the Taxpayer Identification Number (TPIN) for any importer and declarant code for the associated agent who had assessed taxes not paid after five days. In addition, some strategies were being implemented to reduce the outstanding debt; these include continued issuance of demand letters, placement on embargoes of clearing agents, blocking of TPINs, undertaking disposal of seized goods, among other interventions.

The implementation of these strategies had resulted in the reduction of debt relating to the period 2002 to 31st December, 2014, which as at 27th January, 2016 stood at K229,755,621 compared to K453,830,102.38 as at 31st December, 2014, a reduction of 49 percent over a twelve months period.

As regards to the static debt amounting to K59,119,214.80, he stated that the debt was related to companies that were no longer operational. In this regard, the debt on account of one company which had been liquidated stood at K18,913,499.40. Additionally, the debt on account of various Government ministries which formed part of the static debt stood at K16,406,261.48.

The Authority had formed a dedicated Debt Recovery Unit (DRU) to undertake debt collection at corporate level. The Customs Division had since compiled a schedule of debt under Government ministries as well as historical debt for submission to the newly constituted DRU for the Authority.

**Committee’s Observations and Recommendations**

Your Committee urges the Secretary to the Treasury to ensure that efforts are enhanced to follow up the outstanding amounts owed in customs taxes and that the database is expeditiously cleaned up to reflect the actual collectible amounts. Your Committee resolves to await a progress report on the matter.

v. **Expired Customs Importation Permits (K26,878,836) and Temporal Importation Permits (K7,599,866)**

The Secretary to the Treasury informed your Committee that it was true that an audit review of 2014 CIPs and TIPs revealed that 290 CIPs and seventy TIPs in amounts totalling K26,878,836.12 and K7,599,866.29 respectively, had expired and had not exited the country as of December, 2014. The Secretary to the Treasury informed your Committee that the status as at 27th January, 2016, was that out of seventy outstanding TIPs, seventeen TIPs amounting to K523,613.95 had been acquitted leaving a balance of fifty-three in amounts totalling K7,076,252.34. However, no movement had occurred for the 290 CIPs amounting
to K26,878,836.12. A follow up exercise had already been instituted on the above cited cases of CIPs. Furthermore, the Authority, through its Customs Division, had embarked on the following activities in collaboration with RTSA to address the challenges of the long outstanding CIPs:

(i) reconciliation of outstanding CIP records were reconciled with RTSA registered vehicles database;

(ii) identification of vehicles that were registered at RTSA, but not cleared at the Authority;

(iii) submission of information on uncleared vehicles to the Investigations Department for follow up; and

(iv) Submission of information on uncleared vehicles to RTSA so that they should not allow the road tax renewal, but detain identified vehicles and surrender them to the Authority (ZRA) for settlement of taxes due.

In addition, a team had been constituted under Transaction Monitoring Unit (TMU) which was matching all outstanding CIPs under ASYCUDA World against the record of all paid for motor vehicle importations so that only a list of genuinely outstanding CIPs could be submitted for investigations. This exercise had now been extended to records on ASYCUDA. Arising from this exercise, schedules of outstanding CIPs whose clearance details had been found were forwarded to the stations for acquittal on the system and had since been duly acquitted on the system. The relevant documentation on this matter was available for verification.

With regard to the outstanding TIPs, agents who processed the TIPs and had failed to account for them had since been placed on embargos and their Taxpayer Identification Numbers (TPINs) suspended on the ASYCUDA World System until they accounted for the outstanding obligations.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the Authority to ensure that CIPs are acquitted as soon as goods exit the country. Your Committee observes that this failure could result in loss of Government revenue and also that it may be a recipe for fraudulent activities by unscrupulous officers. Your Committee urges the Secretary to the Treasury to ensure that the ASYCUDA World System is tightened up to seal all loopholes in orders to eradicate the problem. Your Committee implores the Secretary to the Treasury to expedite the resolution of this query and requests an update on the acquittal of all outstanding CIPs and TIPs. Your Committee awaits a progress report.

**vi. Under Collection of Tax on Imported Motor Vehicles - K1,942,732**

The Secretary to the Treasury informed Your Committee that the Zambia Revenue Authority and Road Transport and Safety Agency (RTSA) had initiated joint investigations to determine the validity of the documents that were presented to facilitate the registration of the sixteen vehicles in order to ascertain how the vehicles in question were registered despite having outstanding duty.

He stated that it must be recognised that this anomaly would only be addressed once the system for registration of vehicles, ZAMTIS at RTSA, was interfaced with the Customs Clearance, in ASYCUDA World system at ZRA. This was in light of the fact that the primary and root cause of vehicles being registered at RTSA without full accountability for
the taxes and the eventual loss of Government revenue was the lack of interface of the two systems. In this regard, the Treasury would ensure that during the upgrade of the ZAMTIS system at RTSA, a portal would be introduced to interface it with the customs clearance certificate in ASYCUDA World system at ZRA as a mandatory control such that a client could not register a vehicle if there was no customs clearance certificate issued by Zambia Revenue Authority (ZRA).

Committee’s Observations and Recommendations

While noting the submission by the Secretary to the Treasury, your Committee strongly recommends that the upgrade of the ZAMTIS system at RTSA and its interface with ASYCUDA World at ZRA be expeditiously completed in order to reduce or eradicate the problem of under collection of tax on imported motor vehicles. Your Committee awaits a progress report on the matter.

vii. Imported Motor Vehicles without Customs Clearance Certificates (CCCs) Registered with RTSA – Livingstone

The Secretary to the Treasury informed your Committee that the Authority had since submitted an inquiry to RTSA to investigate how the three Vehicles were registered without the customs clearance certificates. He added that the ultimate solution was the interface of the ZAMTIS and the Customs Clearance module in the ASYCUDA World system used by the Authority. In order to resolve the audit query the Authority had requested RTSA to avail it with the copies of the Customs Clearance Certificates used to register the three vehicles in question.

Committee’s Observations and Recommendations

Your Committee observes with concern the weaknesses associated with clearance of imported motor vehicles where RTSA is made to register some vehicles despite them not producing customs clearance certificates. Your Committee urges the Secretary to the Treasury to ensure that the upgrade of ZAMTIS System at RTSA and its subsequent interface with ASYCUDA World at ZRA is expeditiously finalised in order to reduce or eradicate the problem of under collection of tax on imported motor vehicles. Your Committee awaits a progress report on the matter.

c) Management Information Systems

i. Lack of an ICT Strategic Plan

The Secretary to the Treasury informed your Committee that the audit observation was correct. He added that the Authority did not have an ICT Strategic plan at the time of audit. The Authority had since developed its 2016 – 2018 ICT Strategic Plan which was awaiting approval by the Board.

Committee’s Observations and Recommendations

Your Committee notes the submission and awaits a progress report.

ii. Lack of Internal Service Level Agreements (SLAs)

The Secretary to the Treasury informed your Committee that this was due to the expiration of the previously Service Level Agreements (SLAs) which were outdated and could no longer be used as they did not match with the productivity standards. However, the Authority had embarked on the implementation of the Control Objectives for Information
and Related Technology (COBIT) framework for Information Technology (IT) Management and IT Governance and, once concluded, the Service Level Agreements (SLAs).

Committee’s Observations and Recommendations

Your Committee observes with concern the failure by the Authority to upgrade its ICT Systems in time until they are outdated. Your Committee further questions the capability of officers managing the ICT Department in the Authority as it is incomprehensible that they could wait until a problem manifested before initiating upgrades. Your Committee urges the Secretary to the Treasury to ensure that the management of the Authority is sternly cautioned for this failure and that staff training is enhanced in the area of ICT to avoid recurrence. Your Committee awaits a progress report on the matter.

iii. Lack of Contract

The Secretary to the Treasury informed your Committee that the Authority was of the view that since ZAMTEL was a Government institution, it did not require a contract for the provision of the services to another Government institution. Following the audit revelation, the Authority had since drafted an agreement, which was currently being reviewed by Legal Department before it could be submitted to ZAMTEL for consideration. It was hoped that during the revision, the new links and current service levels would be included in the contract.

Committee’s Observations and Recommendations

Your Committee finds it shocking that the Authority could engage ZAMTEL without a contract on the pretext that it was a Government institution. Your Committee calls for disciplinary measures against the officers who authorised this transaction. Your Committee also calls for finalisation of the contract. Your Committee will await progress reports on these matters.

iv. Irregularities in Data Migration - Inconsistencies in Migrated Data

The Secretary to the Treasury submitted by way of background that after the migration of closing balances from TARPS to Tax Online as opening balances, all transactions relating to the period prior to migration date (legacy period) were supposed to be done on Tax Online using the JV Adjustment Screen function. However, this function was not working properly and as such operating units resorted to processing transactions on the legacy systems (TARPS), giving rise to these differences. The JV Adjustment Screen was now fully functional and processing of the transactions on the legacy systems had since ceased. The remigration of balances from the legacy systems to the new tax administration system was concluded on 19th January, 2016, resulting in the clearance of the variances highlighted in the audit report.

Committee’s Observations and Recommendations

Your Committee recommends that the matter be closed subject to audit verification.
8. An examination of accounting and other records maintained at Police Headquarters and five stations carried out in August, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Unaccounted for Revenue - K10,266

The Controlling Officer submitted that a total of K5,616 for receipt numbers ranging from 3730601 to 3730634 was deposited on 19th March, 2014, at Bank of Zambia. The copies of the deposit slip and receipt were available for audit verification. As the officer involved in this matter had since passed on, the balance of K4,610 would be recovered from the officer’s terminal benefits.

Committee’s Observations and Recommendations

Your Committee observes that there is laxity on the part of officers charged with responsibility of ensuring that reconciliations are done regularly. Your Committee does not agree that the deceased officer is the only one involved in the matter. Your Committee, therefore, urges the Controlling Officer to ensure that disciplinary action is taken against all the erring officers and that the recoveries are effected without any further delay. Your Committee awaits a progress report on the matter.

b) Delayed Banking - K1,022,696

The Controlling Officer informed your Committee that late banking of revenue predominantly in Lusaka, was attributed to some Police Posts delaying to remit revenue to the mother stations which did the banking on their behalf. Therefore, in the short term, the Command had instructed police posts to do their own banking and not to depend on mother stations. Further, the Command had restructured and reprimanded the officers who were involved at the time and they had since reverted to general duties. Furthermore, as a long term measure, members of the public who wished to access police services could deposit the necessary fees and fines directly into approved commercial banks and then present the computer generated bank deposit slip to the officers. The Ministry of Finance had authorised the Command to commence this process. The only exception was traffic fines, which required a detailed study of the collection modalities.

Committee’s Observations and Recommendations

Your Committee reminds the Controlling Officer of the fact that when banking is delayed, revenue is likely to be misappropriated. Your Committee, therefore, urges the Auditor General to verify the measures implemented by the Police Command, subject to which the matter should be closed.
**MINISTRY OF MINES, ENERGY AND WATER DEVELOPMENT**

**AUDIT QUERY**

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**PARAGRAPH 9**

**Accounting and Other Irregularities**

9. An examination of accounting and other records maintained at the Ministry Headquarters and selected stations carried out in September, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

**a) Outstanding ERB Licence Fees - K18,393,611**

The Controlling Officer acknowledged the irregularity and submitted that ERB was mandated to collect licence fees from oil marketing companies and others, including ZESCO Limited which owed K16,986,151. However, she stated that K370,879.44 had since been recovered by ERB, leaving the balance of K18,022,731.40. Further, the Ministry had continued to engage the oil marketing companies owing to settle the outstanding fees.

**Committee’s Observations and Recommendations**

Your Committee is concerned at the failure by the ERB management to collect all the outstanding fees from its clients. Your Committee finds it unacceptable that over 70 percent of the debt is owed by ZESCO Limited and, therefore, urges the Controlling Officer to ensure that all available options are explored to recover this debt. Consideration may also be given to a debt swap with some institutions in order to reduce or ultimately collect the outstanding debt in full. Your Committee awaits a progress report on the matter.

**b) Outstanding Annual Water Charges Fees - K1,919,561 and Unreconciled - K54,074**

The Controlling Officer informed your Committee that she agreed that outstanding annual water charges fees totaling K1,919,561 were unpaid by various water right holders as at 31st December, 2014. She, however, submitted that the Ministry had since recovered all outstanding annual water charges and relevant documents were available for verification.

**Committee’s Observations and Recommendations**

In noting the submission, your Committee urges the Controlling Officer to ensure that collections for all water charges are up to date and to avoid the accumulation of arrears. Your Committee closes the matter subject to audit verification.
Accounting and Other Irregularities

10. An examination of accounting and other records maintained at the Ministry Headquarters and selected stations carried out in August, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Unsupported Software - Use of Oracle 10g

The Controlling Officer submitted that the passports production system was one of the systems which were implemented on Oracle 10g in 2008 and since then it had been running on the same platform. The Passports and Citizenship Office had been allowed to run the system on Oracle 10g because of its stability and the sustainability and “End User Technical Support “ which was enjoyed from the ASFU licensed Partners of Oracle on IMAGO Passports and ID Systems.

He informed your Committee that Oracle 10g was not obsolete software because a number of systems were still running their backend database on this software. The passports production system installation under 10g was in the so-called “Sustaining Stage” support level from Oracle their Oracle Partner Network member. He, however, submitted that the Ministry had already engaged the supplier on the possibility of upgrading the system to 12g, a higher version which would come with costs.

Committee’s Observations and Recommendations

Your Committee observes with concern that there is a great risk in operating an outdated system since Oracle Corporation, the owners of the Oracle database, stopped supporting the version as far back as July, 2013. This is an indication that the Ministry did not update the system in time as required by the international standards on control of technical vulnerabilities. To address the shortcomings that have been identified, your Committee urges the Controlling Officer to expeditiously pursue the process of updating the system. Your Committee further urges the Controlling Officer to take measures to enhance employee skills in order to curb future irregularities. Your Committee reiterates that the nature of work at the Passports Office requires a cadre of employees with impeccable ICT competencies to minimise the risk of security breaches in the system. In the meantime, your Committee requests the Controlling Officer to provide evidence of the “Sustained Stage” Support agreement to the Auditor General for verification. Your Committee resolves to await a progress report on the update for the system.

b) Multiple Passports Produced Using the Same Receipt - Loss of Revenue - K299,800

The Controlling Officer submitted to your Committee that in the year under review, the passports production system (PPS) was not configured; as a result, it accepted multiple transactions to be produced using the same receipt. This was due to the fact that reprints of passports could only be processed using the same receipt number. This omission resulted into the production of 1,742 passports using 843 receipts.

The Chief Passports and Citizenship Officer, upon noticing this scam, instituted investigations through the Investigations Unit at Passports Headquarters. The Investigations Unit reported its findings and recommended that the matter be reported to the Police. It was against this background that the matter was reported to the Police and the Police had commenced their investigations. He
also stated that the Police had since recorded statements from some officers at the passports production centre where the scam occurred. Three officers from passport production centre had since been suspended to pave way for further investigations by the Police. Your Committee would be informed on the progress made once the Police investigations were concluded. However, as a measure to stop the recurrence of this scam, the Ministry was considering the re-configuration of the system so that it could produce one passport for each receipt issued. The re-configuration of the system would entail that only reprints authorised by the Chief Passports Officer would be processed and the password to open the system for reprints would only be given to the Deputy Director – ICT and a Senior Officer from Passports and Citizenship Office. This would only be implemented once all other parameters and challenges associated with the issue of reprints were agreed on by management.

**Committee’s Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that such anomalies are eradicated from the system. On the matter concerning erring officers, your Committee is of the view that recoveries be effected and that the matter be followed up with the Police. Your Committee resolves to await a progress report.

c) **Loss of Revenue Due to Under Charging of Fees - K606,750**

The Controlling Officer informed your Committee that the comparison of the bank statement and the Personalised Passport System (PPS) report may not give a conclusive analysis. This was because the bank statement did not spell out the level of service sought by each applicant and the PPS report would only give the figure and receipt number keyed in by the operator. This analysis could only be conclusive when the applicants’ files were also verified to confirm the level of service sought by each applicant. It would have been out of such an analysis of the three mentioned documents that one could conclusively establish if there was an under charging. He also stated that passports were produced based on the service sought by the applicant. If the applicant sought for express service, that applicant was expected to pay the stipulated fee of K520 for a thirty-two paged passport and K720 for a forty-eight paged passport. Similarly, if the applicant sought for an ordinary service, the stipulated fee of K320 for a thirty-two paged passport and K520 for a forty-eight paged passport was charged. In the case of applicants whose passports had been lost, an additional fee of K100 was charged before a passport could be processed. This information was adequately communicated to the public, Indo Zambia Bank and Passports and Citizenship Offices through public notices and printed banners. Therefore, each application submitted was scrutinised to ensure that the correct fees had been paid. The Controlling Officer, therefore, disputed the fact that there was under charging of passport fees in the year 2014 following the inconclusive analysis made using the bank statement and the PPS report.

**Committee’s Observations and Recommendations**

Your Committee observes with concern that this information was not provided to the Auditors during the time of audit. The Controlling Officer is, therefore, sternly cautioned to ensure that audits are taken seriously as the matter would have been dealt with and resolved during the audit process. Your Committee directs that all relevant documentation is availed to the Auditor General for analysis to ensure accountability of the K606,750. Your Committee will await a report on the matter.

d) **Passports Produced without Payment - K2,001,460**

The Controlling Officer informed your Committee that this matter was being analysed using the bank statement, Passport Production System Report (PPS) and clients files in order to get to the bottom of the matter. It was, however, regretted that the analysis of this matter had taken long to be
concluded due to the bulkiness of the transactions and misfiling of clients’ files. He stated that reprints of passports made in the year under review were processed using the same receipt. This meant that the bank statement and the PPS Report could not tally. He further stated that there were no restrictions in the period when one should lodge in the application for the passport after making the payment at the bank. Some Clients lodged their applications in the preceding year, at their own time and passports were processed and issued. The submission of applications in a different financial year from the one in which procurement was needed could also result in the bank statement and the PPS report tallying when a reconciliation for a particular period was being done.

Similarly, applications for passports which were lodged through the offices in Chinsali and Mongu offices were processed in Lusaka while applications which were lodged in Solwezi, Mansa and Kasama were processed in Ndola; while the passport fees for these applications were deposited into designated ZANACO Revenue Transit Accounts and not Indo-Zambia Bank. Therefore, comparison of the bank statement from Indo-Zambia bank and the report from the PPS could not produce accurate information regarding revenue collected in the year 2014, because some of the passports produced were paid for through other transit accounts domiciled in other banks such as ZANACO and Finance Bank. He added that the Passports and Citizenship Office collected passports fees totalling K950,760 in the five stations and from missions abroad.

Committee’s Observations and Recommendations

Your Committee observes with concern that material information was withheld from the Auditors during the time of audit. Your Committee reiterates its strong advice to the Controlling Officer to ensure that audits are taken seriously as this matter could have been dealt with and resolved within the audit process. In light of this, your Committee directs that all relevant documentation be presented by the Controlling Officer to the Auditor General so that a full analysis and reconciliation can be done. Your Committee will await a progress report on the matter.

e) Failure to Present Accounting Documents

The Controlling Officer submitted to your Committee that receipts which were not availed for audit were the ones destroyed at the Main Branch in the initial stages of collecting revenue on behalf of the Passports and Citizenship Office. The Bank had been advised to keep records of all copies of the receipts issued in order for them to account for the revenue collected. However, the current position regarding the forty-two continuous receipts from Indo-Zambia Bank, Kabwe Branch was that the receipts had been located from the archives and were available for audit verification at the Bank.

Committee’s Observations and Recommendations

Your Committee wonders why this explanation was not given to the auditors. In this regard, your Committee urges the Controlling Officer to ensure that all erring officers are disciplined for failure to cooperate with the auditors. Your Committee awaits a progress report on the matter.
### Accounting and Other Irregularities

11. An examination of accounting and other records maintained at the Judiciary headquarters and selected provincial offices carried out in September, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

#### a) Underreporting of Revenue - K8,255,551

The Controlling Officer submitted to your Committee that the correct position of the total revenue collected countrywide during the year ending 31st December, 2014, was K17,120,067.61. She also clarified that the amount of K9,392,899.00 was the cumulative revenue amounts reported in the Integrated Financial Management Information System (IFMIS) for the period under review before reconciliation of revenue collected.

She added that the amount of K14,993,050 reported by the Auditor General’s Office as having been collected was only for the sampled stations. She further added that the irregularity was mainly caused by non availability of returns to update the records at Head Office. She lamented that limited resources were a major problem resulting into poor information flow from the operatives to the supervisors. She stated that unless funding was improved, the problem of late collection of returns would continue. She further submitted that all records pertaining to reconciliations were done and available for audit verification.

#### Committee’s Observations and Recommendations

Your Committee notes the efforts that the Controlling Officer made, but urges her to remain proactive in dealing with cases regarding financial irregularities. Your Committee notes that action was not meted on the erring officers for their failure to adhere to financial regulations and hence she is urged to ensure that the problem of late collection and delivery of returns is combated without any further delay. Your Committee recommends that the matter be closed subject to audit verification.

#### b) Delayed Banking of Revenue - K1,223,555

In agreeing with the Auditor General’s findings, the Controlling Officer confirmed that the findings were also in line with the findings by the Internal Auditors. The officers involved were strongly cautioned for causing this irregularity.

#### Committee’s Observations and Recommendations

Your Committee notes the submission, but urges the Controlling Officer to deal with the erring officers in accordance with the law. Further, your Committee urges the Controlling Officer to embrace the new policy of non human-cash contact to avoid the irregularity. Your Committee recommends that the matter be closed subject to audit verification.
MINISTRY OF TRANSPORT, WORKS, SUPPLY AND COMMUNICATIONS

AUDIT QUERY

Programme : 2 - Fees and Fines - Road Transport and Safety Agency (Ministry of Transport, Works, Supply and Communication)
Activity : 122070 - Road Traffic Collections

Accounting and Other Irregularities

12. An examination of accounting and other records maintained at RTSA Headquarters; Lumumba, Dedan Kimathi, Ridgeway, Mimosa, Chirundu, Livingstone, Victoria Falls, Kazungula, Katima Mulilo, Ndola, Chingola, Solwezi, Kasumbalesa and Nakonde carried out in June 2015, revealed the following weaknesses to which the Controlling Officer responded as set out below.

a) **Loss of Revenue - Undercharging of Toll Fees (Nakonde) - K17,243 (US$3,135)**

The Controlling Officer informed your Committee that in 2009, the Road Transport and Safety Agency requested for authority from the Ministry of Finance to round up or down to the nearest multiple of USD 5 bills, following the commercial banks’ refusal to accept any dollar bills less than USD 5. Approval was granted and the system was adjusted, including manual billings. However, due to the quantum of records over the years, the Ministry was unable to find the copy. In this regard, a letter had been written to the Secretary to Treasury to avail the Ministry a duplicate copy.

**Committee’s Observations and Recommendations**

Your Committee observes with concern that the Government lost a considerable sum of revenue as a result of the purported authority from the Treasury. In this regard, your Committee strongly recommends that the Controlling Officer initiates measures to revert to the old billing system in order to ensure that the correct toll fees are charged and collected. Further, in the absence of evidence of authority from the Treasury, the Controlling Officer should immediately impose disciplinary measures against all the officers who were responsible for the adjustments to the billing system which led to loss of revenue. Your Committee awaits a progress report on the matter.

b) **Failure to Operationalise the Mechanised Motor Vehicle Testing Equipment - K16,355,616**

**Submission by the Controlling Officer**

The Controlling Officer submitted that the Road Transport and Safety Agency (RTSA) procured motor vehicles testing machines for use in the examination of motor vehicles for roadworthiness. In total, four mobile test lanes and three fixed test lanes were procured and installed at Mimosa Vehicle Testing Centre. The equipment was officially commissioned on 6th November, 2013. However, the use of the equipment came with several technical support challenges which led to the suspension of its use, after a public outcry, during the first quarter of 2014. Several challenges were noted during operations including that the machines’ specifications were high for the quality of vehicles in Zambia; the examination team at RTSA was not adequately trained to carry out the mechanised examinations; Zambian motorists did not appreciate the benefits that came with the mechanised motor vehicle testing system, the number of vehicles that were targeted to be tested were more than what the machines could handle; and RTSA did not have the capacity to repair the machines in case of any breakdowns, hence the Agency faced a lot of machine breakdowns during operations. Despite these challenges, the Controlling Officer submitted that the machines were weather proof and could withstand any weather conditions. He further, informed your Committee that the Agency had managed to resolve these technical challenges and was waiting for the go ahead from its parent Ministry to use the equipment. In this regard, it was anticipated that the equipment would be fully installed in the second quarter of 2016.
Submission by the Director, MA and C Suppliers

The Director MA and C Suppliers appeared before your Committee. He informed your Committee that he was an agent for MAHA Maschinembau Haldenwang GmbH and Company KG, which was a renowned German Company and one of the world leaders in supplying Motor Vehicle Testing Equipment all over the world.

In his submission, the Director MA and C Suppliers stated that the same type of equipment was being employed by another company, Gevic, which was mandated to certify all imported vehicles from countries like Japan. He also added that the same type of equipment was being used in countries like South Africa, Rwanda and Tanzania, to mention, but a few. The Director clarified that with regard to training, he was confident that once trained, the staff would be able to handle the equipment. He also stated that despite having a six level testing module, the equipment could be adjusted to test vehicles for only what would be set as a standard by the Zambia Bureau of Standards as the testing criteria. He also outlined the following as the advantages of using the equipment: effective testing of the entire vehicle suspension system; free diagnosis of clients’ vehicles; faults could be detected promptly; reduction of accidents due to brake failure and faulty suspension systems; and real time results. He, however, cited the failure to embrace new technology by officers charged with responsibility as the reason for the failure to operationalise this equipment.

In light of the above, the Director MA and C Suppliers, urged your Committee to strongly recommend the operationalisation of this equipment otherwise it would go to waste and thus would be a waste of Government resources vis-à-vis its purchase and the training given to officers.

Committee’s Observations and Recommendations

Your Committee observes that due diligence was not carried out prior to the procurement of the equipment. Your Committee is particularly concerned that despite the Agency having spent colossal sums of money for the procurement and maintenance of the equipment as well as training of officers, the equipment is not being used for the intended purpose. Therefore, there is a risk of it being vandalised and becoming obsolete before it is utilised, resulting into wasteful expenditure. Your Committee strongly urges the Controlling Officer to ensure that the equipment is operationalised without any further delay. A progress report is being awaited by your Committee.

MINISTRY OF TOURISM AND ARTS

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Accounting and Other Regularities

13. An examination of accounting and other related records maintained at the Ministry Headquarters and Regional offices carried out in August, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Outstanding Hotel License Fees - K480,928

The Controlling Officer explained that in addition to the inadequate staffing levels that dogged the Standards, Inspections and Licensing section in the Department of Tourism, there were other significant factors that also contributed to the Ministry not collecting all the expected hotel licence fees in 2014, as indicated below.
• **Complexity of the Application Cycle**
Your Committee was informed that until its repeal in 2015, the *Tourism and Hospitality Act No. 23 of 2007*, provided for license renewals to be conducted days before the expiry of the current licenses. Further, the calendar year for licenses ran from January to December of each year and this translated into license renewal applications being received in November and December of the previous year. Additionally, applications were also processed within the current year. Your Committee was further informed that some renewals were normally done in retrospect, where it was discovered that the operator did not pay for the previous year.

In this regard, the Ministry had made efforts to review the records at its Headquarters, for the three year period (2013-2015) in order to counter-check any applications and payments that may have been omitted during the audit. So far, the Ministry had been able to verify that an additional 113 establishments had paid renewal fees amounting to K155,633.40 for the 2014 licensing period. This effectively reduced the outstanding hotel license fees amounting to K325,294.60 which was in respect of the establishments. The payment schedule was available for verification.

• **Inadequate Budget Releases**
The Controlling Officer submitted that the collection of hotel licence fees was conducted manually. This meant that the tourism enterprise operators physically paid their fees at the Ministry headquarters and regional offices in Lusaka, Livingstone, Ndola and Kasama. Further, the officers at the Ministry were expected to conduct field visits to follow-up defaulters and request them to normalise their operations. However, this could only be done whenever officers were in the field undertaking inspections for standards, as the specific budget line for revenue collections received very little funding if any at all, and could not facilitate field visits.

The level of funding for the licensing and inspection programme had also been steadily decreasing over the years, and this had created challenges for the Ministry to embark on specific revenue collection tours. Furthermore, budgetary releases had also been inconsistent, leading to a situation where the Ministry was unable to send officers in the field to conduct regular inspections. Additionally, the Ministry could not issue reminders to the operators through the media, to renew their licences in a timely manner. This had directly contributed to the low level of compliance currently being experienced on the hotel license fees. As the situation stood, the Controlling Officer submitted that currently, the hotel licence fees being collected were mainly due to the goodwill of the faithful few operators who were able to personally visit the Ministry’s offices and renew their licences.

• **Creation of E-Payment System for Tourism Licences**
Your Committee was informed that an application was made to the Treasury and Accountant General’s Office for an e-payment platform to be created for tourism licences. This would enable the Ministry collect license fees from far flung areas, reduce the costs of physical visits and result in an increase in compliance. This was also going to be a positive move for the tourism enterprise operators as there had been complaints that the cost of compliance was more than the actual licence fee that they were required to pay, as they needed to travel long distances to get to offices under the Ministry. Your Committee was informed that this was quite costly.

Furthermore, in line with the provisions of the *Tourism and Hospitality Act No. 13 of 2015*, the functions of licensing and standards of tourism enterprises (except Casinos and Hotel Manager’s Registration) had been transferred from the Ministry to the Zambia Tourism Board (ZTB), effectively transforming ZTB into a regulatory agency. This measure was taken to improve the compliance rate for regulations within the sector and to make them more efficient and effective. It was, therefore, hoped that going forward, the current challenges experienced by the Ministry in collecting revenue would soon be a thing of the past, as the institution was envisaged to have better capacity to manage these functions.
Committee’s Observations and Recommendations

Your Committee notes the response and urges the Controlling Officer not to relent, but to ensure that the outstanding hotel licence renewal fees are collected and availed to the Office of the Auditor General for verification. Your Committee awaits a progress report on the matter.

b) Poor Monitoring and Reconciliation of Tourism Development Credit Facility (TDCF) Loans - K7,826,300

The Controlling Officer informed your Committee that a reconciliation of the Tourism Development Credit Facility repayments for small and medium enterprises had been captured for the year 2015, amounting to K3,18,978, reducing the balance of K14,210,551 to K13,891,573. The schedule of repayments for the small and medium enterprises was available for audit verification. The Ministry was also in the process of seeking legal guidance from the Ministry of Justice concerning the debt amounts totalling K7,826,300 involving fifty beneficiaries.

Committee’s Observations and Recommendations

Your Committee expresses concern at the slow pace at which loans were being recovered and urges the Controlling Officer to put in place stringent follow up mechanisms to recover the loans and enable the objectives of the Tourism Development Credit Facility to be achieved. The Controlling Officer is further urged to expedite the process of seeking legal advice from the Ministry of Justice to avert Government wastage of meager resources. A progress report on the matter is awaited by your Committee.

MINISTRY OF LANDS, NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

AUDIT QUERY

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Accounting and Other Irregularities

14. An examination of the accounting and other records maintained at the Ministry headquarters and the provincial offices carried out during the period from February to May, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Unaccounted for Revenue – ZILMIS (Lands and Survey Collections) - K8,773,886

The Controlling Officer submitted that the deposit slips were available for audit verification. Regarding the K8,773,885.54, it was difficult to establish where the unaccounted for revenue was coming from because the schedules of collection and banking were not provided for each revenue station. The backlog of uploaded receipts had since been captured. The delay in the upload was due to the implementation of the new Zambia Integrated Land Management Information System (ZILMIS) in the provinces.

Committee’s Observations and Recommendations

Your Committee notes the submission, but urges the Controlling Officer to ensure that the transition period during the implementation of the Zambia Integrated Land Management Information System (ZILMIS) is well managed in order not to lose important information. Your Committee is also disappointed to note that deposit slips were not availed for audit and urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers for this lapse. Your Committee also
calls on the Controlling Officer to follow up the unaccounted for revenue and ensure that it is accounted for. Your Committee awaits a progress report on the matter.

b) Unaccounted for Revenue (ZEMA and Forestry Revenue) - K1,927,648

The Controlling Officers submitted that with regard to the Ministry of Lands – Forestry Headquarters, the current position was that the deposit slips were now available for audit verification. Concerning the Zambia Environmental Management Agency, he informed your Committee that receipts relating to a total of K648,746.44 were cancelled, while a total of K1,047,845.56 was banked. The supporting documents of cancelled receipts and bank deposit slips were available for audit verification. For Solwezi District Forestry Office, the current position was that the Controlling Officer had written to his counterpart in North-Western Province to carry out disciplinary action.

Committee’s Observations and Recommendations

Your Committee observes with concern that the deposit slips were not availed for audit. Your Committee urges the Controlling Officer to institute disciplinary action against all the erring officers for this failure as there is no justification for them to locate documents outside the audit period. Your Committee awaits a progress report on the matter.

c) Unaccounted for Revenue – Headquarters

The Controlling Officer submitted that a Disciplinary Committee meeting was held on 12th January, 2016, subsequent to which it was recommended that two officers be dismissed although the officers had started reimbursing part of the money to Government.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that a committee was constituted only after the audit and cautions the Controlling Officer against such laxity. Your Committee observes that from his manner of responding to the queries, the Controlling Officer does not appear to have taken full responsibility for the financial operations of his institution. Your Committee urges the Controlling Officer to take an aggressive approach and address issues of national concern and public financial management in particular, expeditiously. Your Committee will await an update on the full recoveries of the unaccounted for revenue from the two officers as well as progress on their dismissal as recommended by the Disciplinary Committee.

d) Manipulated Receipts - K396,313

The Controlling Officer submitted that the two officers concerned had been suspended to pave way for proper investigations into the matter. Your Committee would be kept informed of the progress on the matter.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the outcome of the investigations and urges the Controlling Officer to expedite the process in order to conclude the matter in a timely manner.

e) Failure to Collect Ground Rent - K227,023,763

The Controlling Officer submitted that failure to collect ground rent was due to inadequate funding and transport to distribute bills throughout the country and the failure by some property owners to pay ground rent despite issuance of demand notices to them on time by the Commissioner of Lands.
Committee’s Observations and Recommendations

Your Committee reminds the Controlling Officer that he is on record as having promised your Committee at an earlier meeting that with the new system, ZILMIS, all bills would be produced electronically and on real time basis. Your Committee hence expresses concern at the failure to collect revenue for which bills are produced on real time basis. Your Committee also observes that there is lack of aggressiveness as communication facilities are available to enable the Ministry to deliver all the bills to customers electronically. In this regard, your Committee observes that the electronic system is not being fully utilised by the Ministry. Your Committee directs that all outstanding arrears be collected without any further delay. Your Committee awaits a progress report on the matter.

f) Failure to Charge Penalties on Ground Rent Defaulters - K56,755,941

The Controlling Officer submitted that the system was able to charge penalties on all outstanding arrears on ground rent defaulters. Therefore, there was no loss of revenue as the Ministry collected the penalty fees when the property owners came to pay.

Committee’s Observations and Recommendations

Your Committee expresses concern that this information was not made available to the auditors at the time of the audit. This is unacceptable and your Committee implores the Controlling Officer to institute disciplinary action against the officers responsible for this lapse. Your Committee recommends the matter for closure subject to audit verification.

g) Delayed Banking of Revenue - K379,147

The Controlling Officer responded that there were delays in banking due to the fact that when the officers were in the field (rural districts), it was difficult to deposit the funds within twenty-four hours. The current position was that the Ministry had since done a mapping exercise to connect revenue collection centres to the nearest banks where the Ministry of Finance opened the transit accounts. The revenue collection centres were immediately depositing the funds that had been collected to the nearest banks where Revenue Transit Accounts were held.

Committee’s Observations and Recommendations

Your Committee expresses concern that the Ministry did not provide this information to the Auditors during the audit. Your Committee urges the Controlling Officer to institute appropriate disciplinary action against the officers responsible for this lapse. Your Committee recommends that the Controlling Officer avails all relevant documentation to the Auditor General for verification, subject to which the matter should be closed.

h) Missing Accountable Documents

The Controlling Officer submitted that all the receipts for Mongu and Solwezi District offices were available for audit verification. The delay to provide receipts in Mongu was because the key to the safe was lost, but the safe had since been opened. For Solwezi, the key was retrieved from the officer who deserted the office and hence the security paper with serial numbers ranging from G00052001 to G00052540 was available for audit verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling officer to ensure that security is enhanced to avoid loss of Government resources and accounting documents. Your Committee recommends the matter for closure subject to audit verification.
i) Failure to Maintain a General Revenue Cash Book

The Controlling Officer informed your Committee that the General Revenue Cash Book had now been updated and was available for verification.

Committee’s Observations and Recommendations

Your Committee observes with concern that the General Revenue Cash Book was not availed for audit in time and urges the Controlling Officer to ensure that disciplinary action is taken against all the erring officers for this failure as there was no justification for them to update it after the audit period. Your Committee awaits a progress report on the matter.

j) Revenue Generated from Survey Departments

i. Failure to Survey Properties after Payment of Survey Fees

The Controlling Officer informed your Committee that the Provincial Survey Offices did not receive funding for provision of survey services; these services were meant to be funded by the survey fees that were charged to clients receiving the service. It should be noted that survey fees were being deposited in the revenue transit account which was automatically transferred into Control 99. The survey fees were charged based on the cost of survey to be undertaken, yet only 50 percent of this was released in the form of appropriation in aid (AIA) which was not consistently funded thereby depriving the Survey Department of the resources to service its clientele. The current position was that the Ministry of Finance had granted authority to the Ministry to retain the survey fees at source with effect from December, 2015 and working accounts had since been opened with Cavmont Bank Zambia Limited and Indo-Zambia Bank. In view of this, all outstanding survey works would be carried out.

Committee’s Observations and Recommendations

Your Committee awaits a progress report on the matter.

ii. Use of Revenue without Treasury Authority - K174,118

The Controlling Officer informed your Committee that regarding the funds totalling K15,600 at Mansa Regional/Survey offices which was used for maintenance of motor vehicles, the funds had now been deposited into the revenue transit account. The amount of K158,813.03 for Lusaka District Forestry office had not yet been reimbursed into the revenue transit account. The Controlling Officer had since written a letter to the Director Forestry, instructing that the Provincial Forestry Office reimburses the funds.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who utilised the revenue at source without Treasury Authority. Your Committee further urges him to ensure that the balance is reimbursed without any further delay and further implores the Controlling Officer to caution all revenue collecting stations to desist from this practice. Your Committee awaits a progress report on the matter.

k) Unremitted Revenue – Proceeds from the Mukula Auction Sales - K1,342,783

The Controlling Officer submitted that that the Ministry paid an amount of K691,073.80 as refunds to bidders while K177,273 was paid to Judiciary Sheriff’s office bringing the total paid to K868,346.80. The balance of K474,486.20 was available in the account.
Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the officers to provide the detailed reconciliation about the usage of funds in question to the auditors at the time of audit. It is also evident that the officers dealt with the matter casually during the time of audit. Your Committee urges the Controlling Officer to ensure that the officers are disciplined for this failure. Your Committee resolves to await a progress report on the matter.

1) Irregularities in Property Database

The Controlling Officer submitted that the payment of US$125,000 was not meant for the consultant to clean all the records. The consultant was expected to clean 5,000 records and train Ministry staff on how to clean the rest. This was done as per ZILMIS contract provisions quoted below:

- GCC 11.1 of the contract provides that “the client (Ministry) shall undertake a data cleaning, scanning and computerisation of all its manual and existing electronic data. This exercise shall be undertaken by an independent team engaged by the Client specifically to carry out this exercise.”

- GCC 11.2: “The data cleaning exercise shall commence as soon as practicably possible prior to the effective date of this contract, and shall run simultaneously during and after commencement of the services.”

- GCC 11.5: of the contract states that “The consultant shall, for purposes of ensuring that accurate information is updated onto the new system, undertake a data cleaning exercise of 5,000 manual land records and existing electronic data.”

Committee’s Observations and Recommendations

Your Committee expresses concern that this information was not provided to the auditors at the time of the audit. Your Committee calls for disciplinary action to be taken against the officers who failed to provide the information. Your Committee further urges the Controlling Officer to ensure that the officers who were trained by the consultant utilise skills transferred to them to clean up the whole system without any further delay. Your Committee awaits a progress report on the matter.

i. Property without Land Size/Area

The Controlling Officer submitted that the 23,439 properties indicated in the report as having been allocated zero or default land sizes represented approximately 5 percent of the total number of properties (493,620) and not 78 percent. Out of the 23,439 properties without land size, less than 5 percent had been surveyed. The records would be updated once the surveys were done.

Committee’s Observations and Recommendations

Your Committee is concerned that the Controlling Officer has not addressed the issue of allocation of Ground Rent from properties without land sizes, contrary to the provisions of the Lands Act. Your Committee direct that an appropriate response be submitted on this matter. Further, your Committee urges the Controlling officer to ensure that surveys are done and records expeditiously updated to avoid recurrence of this situation. Your Committee awaits a progress report on the matter.
ii. Properties without Names of Owners
The Controlling Officer informed your Committee that the 24,521 properties referred to in the report as having no names of owners, represented only 5 percent of the properties in the system. Further, the properties without owner names involved situations where properties had been created, but not allocated to any applicant, duly cancelled, re-entered, repossessed or withdrawn from applicants. From the 24,521 properties, approximately 500 had been updated. The remaining relevant records were being captured as part of the data cleaning exercise in line the ZILMIS Contract.

Committee’s Observations and Recommendations
Your Committee expresses concern as to why this information was not provided to the auditors at the time of the audit and calls for disciplinary action against the officers responsible for this lapse. Your Committee further urges the Controlling Officer to ensure that records are expeditiously updated to avoid recurrence. Your Committee awaits a progress report on the matter.

iii. Properties without Numbers
The Controlling Officer informed your Committee that the issue of the missing numbers had been rectified and the property number field had been made mandatory for all subsequent cases on ZILMIS.

Committee’s Observations and Recommendations
The matter is recommended for closure subject to audit verification.

iv. Properties without Property Type
The Controlling Officer submitted that the Ministry had 20,472 properties whose property types were not indicated. However, default amounts were charged and no revenue was lost. For example, property number F/32a/E/2/D6/19 was listed as not having a property type and not billed. To the contrary, however, ground rent was charged accordingly in the system.

Committee’s Observations and Recommendations
Your Committee finds it unacceptable that officers in the Ministry did not provide this information to the auditors and calls for disciplinary action to be taken against the officers responsible for this lapse. Your Committee further urges the Controlling Officer to ensure that records are expeditiously updated to avoid recurrence. Your Committee awaits a progress report on the matter.

v. Properties without Locations Indicated
The Controlling Officer informed your Committee that the status on these seventeen properties had changed as the location had been captured.

Committee’s Observations and Recommendations
The matter is recommended for closure subject to audit verification.

vi. Properties without Serial Numbers
The Controlling Officer submitted to your Committee that the ‘properties’ identified as not having serial numbers were in actual fact layout plans as denoted by the prefixes LN. A layout plan had a group of properties under it and these were the ones with serial numbers. For instance, with respect to LN_340 the properties falling under it were shown in the system and they had serial numbers.
Committee’s Observations and Recommendations

Your Committee expresses concern as to why this information was not provided to the auditors and calls for disciplinary action to be taken against the officers responsible for this lapse. Your Committee recommends that the matter be closed subject to audit verification.

m) Use of the Test Environment on Live Data

The Controlling Officer stated that the use of test environment on live data was as a result of user errors during the training prior to the Go-Live. The test data (ten records) had been corrected.

Committee’s Observations and Recommendations

Your Committee recommends that the matter be closed subject to audit verification.

• Gaps in Computer Receipt Number Ranges

The Controlling Officer submitted that this was caused by users from the provinces when they went to enter data at Head Office. Users of the system from the Provinces were allocated receipt ranges from RE 13 to RE 17. This created gaps in the system, but did not affect the completeness and integrity of the figures regarding the revenue collected.

Committee’s Observations and Recommendations

Your Committee reiterates that the officers responsible for the failure to provide information to the auditors be disciplined. The matter is recommended for closure subject to audit verification.

n) Weaknesses in the ZILMIS Oracle Database Management

i. Failure to Apply Patch Sets to the Database

The Controlling Officer submitted that the status on this item had changed as the patches were installed. The installed software was available for verification.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

ii. Lack of a Database Management Policy

The Controlling Officer informed your Committee that the Ministry would implement the Database Management Policy once it was be published by the Ministry of Communications and Transport who were the policy makers. However, specific procedures and guidelines defining accountability and responsibility, amongst other things, which must be documented in the database management policy were actually being adhered to by the ZILMIS users. For example, users were given specific rights to perform exact roles for which they were held responsible and accountable. Further, in case of any eventualities and the database administrator has the role of monitoring all the activities that occurred on ZILMIS system on a daily basis as indicated in the technical manual.

Committee’s Observations and Recommendations

Your Committee urges the Controlling officer to ensure that he liaises with his counterpart in the Ministry of Communications and Transport and to expedite the process of publication of the policy. Your Committee awaits a progress report on the matter.
o) Failure to Install Acrobat Professional – Ndola Provincial Office

The Controlling Officer submitted that the ten Acrobat Professional Licenses were installed in October, 2015.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

p) Failure to Install Anti - Virus on Computers and Installation of Unknown Programmes on ZILMIS Computers

The Controlling Officer submitted that the System Centre Endpoint Protection was centrally installed and updated in all sites including Ndola and Choma Provincial Offices. The unauthorised programmes at Ndola office had since been uninstalled. The rules governing the installation of software by users were covered under the ICT Policy.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the system is protected against viral attacks and that installation of unauthorised software is prevented at all costs and that appropriate disciplinary action be taken against those who were involved in the authorisation of the installation of the software on the system. Your Committee requests the Auditor General to verify the submission and note the matter in future audits.

q) Lack of Internal Service Level Agreements (SLAs)

The Controlling Officer submitted that an internal Service Level Agreement (SLA) was available as guided under section 5.1- Help Desk Management of the “Information and Communications Technology Guidelines and Procedures” published by the Ministry of Communications and Transport in April, 2015. The downtime experienced at Mansa was as a result of connectivity challenges faced by the service provider, ZAMTEL. Connectivity had since improved.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the connectivity problem does not recur and the matter is recommended for closure subject to audit verification.

r) Failure to Interface ZILMIS with Critical External Systems

The Controlling Officer submitted that the development of interfaces was expected to be done during phase II of system development. The reason for the delay to interface with external systems was that some systems were non-existent or the respective ministries or agencies were not yet ready to have their systems interfaced.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that he liaises with other institutions on the need to expedite the process of interfacing the systems. Your Committee awaits a progress report on the matter.
s) Failure to Implement Electronic Payment Methods

  The Controlling Officer submitted that the Ministry had continued to issue manual receipts when the system was not running because of connectivity problems emanating from ZAMTEL which the Ministry was still addressing with ZAMTEL management. As regards non-implementation of electronic payments such as electronic point of sale (EPOS) and electronic funds transfer, this would be done in the second phase of the system development.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to expedite the process and resolves to await a progress report on the matter.

- System not Configured to Send bills and Reminders Electronically
  The Controlling Officer informed your Committee that ZILMIS had a feature for sms alerts which was available for use. However, to be fully functional, it had to interface with a ZAMTEL portal which was currently being tested and would soon be made available to the Ministry. Further, the Ministry was in the process of collecting mobile numbers of property owners or their representatives as this information was missing on the previous system.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to expedite the process and resolves to await a progress report on the matter.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to expedite the process and resolves to await a progress report on the matter.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

u) Lack of Alternative Power Supply for the ZILMIS

The Controlling Officer submitted that procurement of a generator was stopped in 2013, as ZILMIS was going to benefit from the generator to be provided under the Integrated Financial Management System project to avoid duplication of power sources and resultant wasteful expenditure. However, the generator had not yet been procured. The Ministry procured an inverter solution in 2013, to power the servers, a few desktop computers at headquarters and to allow provincial officers to access the system normally when power was disrupted at Headquarters. Backup power solution in the form of invertors and batteries had been available on site since 2013.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to make arrangements to procure the generator in order to avert the challenges identified in cases of power outages and resolves to await a progress report on the matter.
v) Lack of Safe – Chipata Provincial Lands and Survey Offices

The Controlling Officer submitted that the safe for the Chipata Lands Office had been delivered while for the Survey Office, it would be given once the Ministry of Finance allocated the safe.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to urgently ensure that the relevant agents procure a safe for the Chipata Survey Office if one has not yet been allocated by the Ministry of Finance, in order to avert possible loss of public funds. Your Committee resolves to await a progress report on the matter.

MINISTRY OF AGRICULTURE AND LIVESTOCK

AUDIT QUERY

PROGRAMME 2: Licences, Fees and Other Revenue - Ministry of Agriculture and Livestock
ACTIVITIES: Various

ACCOUNTING AND OTHER IRREGULARITIES

15. A review of the 2014 revenue records carried out at the Ministry Headquarters and selected stations in the provinces revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Unaccounted for Revenue - K8,482

The Controlling Officer submitted that under Sinazongwe, the K6,351.18 unaccounted for had since been accounted for. He explained that the Auditor at the time of audit did not take into account the deposits of K4,709.50 which were made in January, 2015, for December, 2014. The balance of K1,641.68 had also since been deposited and the deposit slips were available for audit verification. Regarding Choma, the Controlling Officer stated that the amount in question had been deposited into the revenue transit account and the erring officer had been cautioned. The deposit slip and the charge letter were also available for audit verification. On the amounts relating to Nakonde, the Controlling Officer explained that the amount had since been deposited and the deposit slip was available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern with regard to the failure to avail these documents to the auditors at the time of audit and urges the Controlling Officer to ensure that all documentary evidence on the matter is availed to the Office of the Auditor General without further delay. The matter is recommended for closure subject to audit verification.

b) Delays in Banking Revenue - Lusaka Veterinary Office - K26,900

The Controlling Officer submitted that the delay was caused by lack of transport for the officer responsible to deposit the revenue collections at the Bank of Zambia. He explained that the officer did not know that he could also deposit revenue at any nearest bank in the revenue transit account. In view of the foregoing, management had since sensitised the officer on their ability to deposit revenue at any nearest bank into the revenue transit account. Further, the officer had been cautioned on the need to comply with Financial Regulations.
Committee’s Observations and Recommendations

Your Committee expresses concern that the Controlling Officer took no action against officers at the Veterinary Office for failure to observe Financial Regulations by banking revenue as required. Your Committee finds it unacceptable that the Controlling Officer attributes delays of up to seven days in some cases to lack of transport and urges the Controlling Officer to take concrete steps to ensure that Financial Regulation No.121 (1) is strictly adhered to at all times. The matter is however, recommended for closure subject to audit verification.

c) Unaccounted for Revenue - K34,580

The Controlling Officer submitted before your Committee that the deposit slips for amounts totalling K34,580 had been misplaced, but were now available for audit verification.

Committee’s Observations and Recommendations

Your Committee notes that this is a serious lapse for which disciplinary action should be instituted against the erring officer and urges the Controlling Officer to take action accordingly. The matter is, however, recommended for closure subject to audit verification.

d) Missing Accountable Documents

The Controlling Officer submitted before your Committee that out of the fifty-one import permit books at headquarters, thirty-seven import permit books had since been traced and were available for audit verification and the officers were still searching for the remaining fourteen export permit books. Further, out of the missing 272 export permit books, 226 had been located and forty-six of them were yet to be found. Furthermore, of the fifty Accounts Form 40 books, eighteen had been located and were available for audit verification. However, the Department was searching for the remaining thirty-two Accounts Form 40 books. Regarding the Chipata Office, the Controlling Officer submitted that the thirteen import permit books (i.e 650/50 paged) were currently available for audit verification. Further, the twenty-five export permit books (1250/50 Paged) were also currently available for audit verification. With regard to Sinazongwe Veterinary Office, all the missing five Stock Movement books were available for audit verification.

Your Committee was further informed that all the missing twenty-five Stock Movement books at Choma Veterinary Office had been located and were also available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the non availability of the accounting documents at the time of the audit and warns that it will no longer condone a situation were vital documents go missing during the time of audit, only to resurface after the auditors have left. Your Committee sternly cautions the Controlling Officer to ensure that documents are properly kept in time for the audit process. Your Committee directs that all the located documents be presented to the Auditor General for verification while a progress report should be submitted on all the outstanding documents.

e) Questionable Issuance of Import and Export Permits - K48,475

The Controlling Officer informed your Committee that the Ministry had since accounted for all the import permits amounting to K48,475 and the deposit slips were available for audit verification.
Committee’s Observations and Recommendations

Your Committee finds the explanation by the Controlling Officer inadequate as measures should have been taken to secure all the permits and avail them to the auditors during the time of audit. Your Committee urges the Controlling Officer to take disciplinary action against the officers who failed to do so. The matter is, however, recommended for closure subject to audit verification.

MINISTRY OF HOMES AFFAIRS – ZAMBIA POLICE SERVICE

AUDIT QUERY

DEPARTMENTS: Various
UNITS: Various
PROGRAMMES: Various
ACTIVITIES: Various

Accounting and Other Irregularities

16. An examination of accounting and other records maintained at the Zambia Police Service Headquarters and Divisions and physical inspections of selected projects carried out from May to July, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Irregular Payment of Rural and Remote Hardship Allowance – (Rural Hardship K1,192,966 and Remote Hardship - K321,440)

The Controlling Officer informed your Committee that payment of the said allowances arose as a result of inadequate Post Identification Numbers in areas where officers were serving other than where they were classified as rural or remote. The challenge was that there was higher demand for officers in urban areas than in rural areas. He, however, stated that management was currently working with the Public Service Management Division (PSMD) to expand the establishment to reposition officers in their work places.

Committee’s Observations and Recommendations

Your Committee observes with concern that the matter was only unearthed by auditors, yet it is incumbent upon each ministry to monitor its own establishment and ensure that all the officers under their jurisdiction are placed in the work stations where they are deployed. Your Committee also expresses concern at the failure by the Ministry to identify what allowances are applicable to their officers and the Controlling Officer is directed to institute recoveries for all funds that were wrongly paid. Your Committee resolves to await a progress report on the matter.

b) Outstanding Electricity Bills for Officers - K5,169,091

The Controlling Officer submitted that the accumulation of the bill was attributed to the fact that camp houses needed to be rewired to facilitate the installation of prepaid metres by ZESCO. However, management was in the process of engaging ZESCO to come up with suitable modalities which would allow the officers to pay a minimal fixed charge to be deducted from their salaries.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.
c) **Misapplication of Funds - K2,494,407**

The Controlling Officer submitted that it was regrettable that K2,494,407 was used to procure twenty hectares of land for construction of an air base and police houses for the institution. However, this activity was within the same programme under infrastructure development. As regards the amount of K136,033, the funds were spent on clearing of outstanding arrears within the three departments, namely Inspections, Quartermasters and Training Departments. These payments were made on outstanding arrears for tuition fees, meal and book allowances to sponsored officers in higher institutions of learning. Further, payments on cheque numbers 063386 and 063419, were within the jurisdiction of the Controlling Officer as authority was granted to vary funds for activities within the same department’s programme activities.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification.

d) **Unaccounted for Spares - K140,100**

The Controlling Officer submitted that the spares were being accounted for through the ledgers which were also made available to the auditors for the three stations, namely Ndola, Kamfinsa and Solwezi. However, the lack of job cards was as a result of inadequate knowledge in the use of the same. In view of this, management was in the process of coming up with a programme to use officers at headquarters to train others in the Divisions within six months. In this regard, a job card had been designed and it was in use already at the Police Service Headquarters garage, where it had proven to be effective.

**Committee’s Observations and Recommendations**

Your Committee observes with concern that this information was not disclosed during the time of audit. Your Committee sternly cautions the Controlling Officer to ensure that audits are taken seriously as this matter would have been dealt with and resolved within the audit process. To address this shortcoming, your Committee urges the Controlling Officer to take disciplinary action against the officers responsible for this lapse. Your Committee recommends the matter for closure subject to audit verification.

e) **Failure to Process Local Purchase Orders via IFMIS - K10,308,539**

The Controlling Officer submitted that the institution failed to process Local Purchase Orders (LPOs) through IFMIS because of the challenges faced which included the following: contractual payments did not require LPOs as these were already approved, and that the institution on various occasions including the first quarter of 2014, faced system failures which led to some urgent payments being processed outside the system.

He, however, stated that despite the above stated challenges, the expenditure was captured in the system at the payment stage and therefore, it did not in any way lead to the understatement of expenditure for the institution.

**Committee’s Observations and Recommendations**

Your Committee finds the reason given by the Controlling Officer inadequate and urges him to take disciplinary action against the erring officers. To address the shortcomings that have been identified, your Committee urges the Controlling Officer to ensure that staff are appropriately skilled especially in the use of the IFMIS in order to curb future irregularities. Your Committee requests the Office of the Auditor General to verify the submission subject to which the matter should be closed.
f) **Undelivered Tool Boxes - K70,090**

The Controlling Officer submitted to your Committee that the reason for not supplying the four sets of tool boxes at the time of collection was that the supplier had smaller tool boxes than those ordered, hence they were rejected as they could not meet the specifications. However, the supplier finally delivered all the remaining tool boxes. To this effect, Goods Received and Delivery Notes were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

g) **Lack of Comprehensive Data on Property**

The Controlling Officer stated that a committee had been set up to review the institution’s database on property and ensure that all the information alluded to by the auditors was included.

**Committee’s Observations and Recommendations**

Your Committee observes with concern that the Controlling Officer is being reminded by the auditors to maintain a consolidated database on the various properties under his control. Your Committee is further worried over the fact that although a committee had been constituted, it has no time frame within which to report back to the Controlling Officer. Your Committee urges the Controlling Officer to ensure that the matter is treated with the urgency it deserves. Your Committee resolves to await a progress report on the matter.

**MINISTRY OF MINES, ENERGY AND WATER DEVELOPMENT**

**AUDIT QUERY**

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**Accounting and Other Irregularities**

17. An examination of accounting and other records carried out in October, 2015, at the Ministry Headquarters and a visit to selected districts revealed various weaknesses to which the Controlling Officer responded as set out below.

a) **Failure to Recover Salary Advances - K75,500**

The Controlling Officer submitted that all the outstanding salary advances had since been recovered and documents were now available for verification. With regard to the K55,600 which was paid to eight officers, she informed your Committee that the officers were not yet on the payroll and these advances were against their salaries. Documents were available for verification.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

b) **Failure to Deduct NAPSA Contributions - K26,215**

The Controlling Officer submitted to your Committee that the Ministry did not deduct NAPSA contributions due to system malfunction. However, she explained that the contributions from the
two officers had since been deducted and remitted to NAPSA and documents were available for verification. One officer was on contract, which did not require NAPSA deductions and the other two officers had since retired from the civil service. Documents were available for verification.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that the Ministry failed to deduct NAPSA contributions and urges the Controlling Officer to ensure that the system is frequently updated. Your Committee recommends that the matter be closed subject to audit verification.

c) Weaknesses in the Management of Bank Accounts

i. Failure to Reverse Excess Funds Arising From Cancelled Cheques - K496,811.45
The Controlling Officer acknowledged the Auditors’ observation and explained that she was unable to reverse the cancelled cheques because the equivalent amount was still being held by the Bank of Zambia as at 31st December, 2014. Meanwhile, the cheques for the held up funds were cleared using the funds that were meant for the cancelled cheques, making it impossible for the reversal to be made. She had since written to Bank of Zambia seeking clarification on the uncredited funds. Documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to act on the matter within the provisions of the laid down procedures and controls. Your Committee sternly cautions the Controlling Officer to ensure that she is proactive on matters of public financial management and that all regulations in this regard are adhered to at all times. Your Committee awaits a progress report on the matter.

ii. Failure to Correct Errors on the Bank Statement

Overcasts - (K124,586.50) and Undercasts - (K218,252.16)
The Controlling Officer submitted to your Committee that the errors had been resolved with the bank. Documents were available for verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to act on the matter promptly as efforts to normalise the transactions were only made after the audit. Your Committee urges the Controlling Officer to ensure that internal controls and checks are enhanced to reduce such irregularities and that the erring officers are disciplined to serve as a deterrent to others. Your Committee recommends the matter for closure subject to audit verification.

iii. Questionable Uncredited Lodgments - K1,422,823.21
The Controlling Officer informed your Committee that she had since written to the Bank of Zambia, bringing the matter to its attention for clarification and resolution. Documents were available for verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to act on the matter promptly as efforts to normalise the transactions were only made after the audit. Your Committee urges the Controlling Officer to ensure that internal controls and checks are enhanced to reduce such irregularities and that the erring officers were disciplined to serve as a
d) Missing Payment Vouchers - K646,677

The Controlling Officer submitted to your Committee that the reason for missing payment vouchers was because officers pulled out these documents and ended up misfiling them when returning them. A system had been put in place to rectify this problem and an officer had since been assigned to manage the accounting records. However, all the payment vouchers in question had since been traced and were ready for verification.

Committee’s Observations and Recommendations

Your Committee find the explanation by the Controlling Officer unacceptable. In this regard, your Committee urges the Controlling Officer to take disciplinary action against the erring officers to serve as a deterrent to others. Your Committee awaits a progress report on the matter.

e) Irregular Payments

i. Out of Pocket Allowance - K9,747
The Controlling Officer submitted to your Committee that the deductions were effected from the officers’ salaries starting from the month of December, 2015. Documents were available for verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to act on the matter proactively as she only made efforts to effect deductions after the audit. Your Committee cautions the Controlling Officer to be proactive and resolves to await a progress report on the matter.

ii. Meal Allowance - K281,180
The Controlling Officer submitted to your Committee that deductions were effected from the officers’ salaries starting from the month of December, 2015. Documents were available for verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that the allowances were paid at all, and at the failure by the Controlling Officer to act on the matter proactively as she only made efforts to effect deductions after the audit. Your Committee strongly advises the Controlling Officer to be proactive and resolves to await a progress report on the matter.

iii. Transport Refunds - K807,960
The Controlling Officer submitted to your Committee that deductions were effected from the officers’ salaries starting from the month of December, 2015. Documents were available for verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that these allowances are paid in defiance of the standing regulations as per Cabinet Circular No. 11 of 2013 and expresses concern at the failure by the Controlling Officer to institute disciplinary action against all the erring officers in this matter. Your Committee awaits a progress report.
f) **Unretired Imprest - K23,500**

The Controlling Officer submitted to your Committee that retirement details for the K23,500 had since been traced and were ready for verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers without any delay. She is cautioned to be proactive in taking remedial action in such cases in order to avert loss of public funds. Your Committee awaits a progress report on the matter.

g) **Over Payment of Subsistence Allowance - K319,060**

The Controlling Officer submitted that the use of wrong rates for some officers was regrettable and that excess amounts were being deducted from officers’ salaries since December, 2015. Documents were available for verification.

**Committee’s Observations and Recommendations**

Your Committee is disappointed that the Controlling Officer has not instituted disciplinary action against the erring officers in this matter. Your Committee urges the Controlling Officer to immediately institute the necessary disciplinary process in accordance with the Financial Regulations. Your Committee resolves to await a progress report on the matter.

h) **Unsupported Payments - K1,119,255**

The Controlling Officer acknowledged the observation that there were no supporting documents for seventy-one payment vouchers at the time of audit. She stated that supporting documents for thirty-four payments totaling K538,656.08 had been traced and were ready for audit verification. Further, efforts were still being made to trace the remaining thirty-seven unsupported payment vouchers totaling K580,598.92.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against all the erring officers. Further, your Committee recommends that the remaining payment vouchers are located without any further delay. All available documents should be presented to the Auditor General for verification. Your Committee awaits a progress report on the matter.

i) **Questionable Payment - K49,568.4**

The Controlling Officer acknowledged the use of wrong rates for the evaluation meeting which took place in Chisamba and reported that after the last appearance before your Committee, she instituted a team of officers to investigate further on the questionable payment made towards the workshop held in Chisamba. It was established that officers were paid full subsistence allowances in amounts totaling K107,000 for the activity and the Ministry also paid for the officers’ accommodation and meals for the same activity in amounts totaling K49,568.40. She confirmed that all the overpayments were being deducted from officers’ salaries since December, 2015. The officer who organised the workshop had since been charged and the matter had been referred to the Disciplinary Committee for further action. Meanwhile, the officer was verbally cautioned pending investigations. Documents were available for verification.
Committee’s Observations and Recommendations

Your Committee notes the submission, but finds it irregular for the Controlling Officer to have suspended an officer verbally as this is against the laid down procedures. Your Committee cautions the Controlling Officer to desist from this, but to ensure that procedure is followed in this matter so that the Government is not exposed to losses as a result of failure to adhere to procedures. She is also urged to ensure that the matter is pursued to its logical conclusion and that recoveries are made in full without any further delay. Your Committee awaits a progress report on these matters.

j) Irregular Use of Accountable Imprest to Procure Goods and Services - K80,687

The Controlling Officer submitted to your Committee that this practice had since been stopped and payments for goods and services were being paid directly to the suppliers. The retirement details had been traced and were ready for verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that Financial Regulation No. 86 is adhered to at all times. Your Committee further calls on the Controlling Officer to ensure that disciplinary action is taken against the erring officers and present the retirement details to the Auditor General for verification. Your Committee awaits a progress report on the matter.

k) Lack of Procurement Plan

The Controlling Officer submitted to your Committee that the Ministry now had a procurement plan in place.

Committee’s Observations and Recommendations

Your Committee requests the Auditor General’s Office to take note of the matter in future audits.

l) Failure to Obtain Value for Money in Procurements

The Controlling Officer submitted that the observation was correct. The Ministry did not obtain value for money in the procurement of four HP LaserJet P3015 printers at a total cost of K34,800 for the Department of Energy in that one printer was at K19,800 while the other three of the same make were procured at K15,000 (K5,000 each). She also reported that the officer involved had since been charged.

Committee’s Observations and Recommendations

Your Committee notes the submission, but urges the Controlling Officer to ensure that the matter is reported to Law Enforcement Agency. Your Committee awaits a progress report on the matter.

m) Undelivered Stores Materials

The Controlling Officer submitted to your Committee that all the undelivered materials had since been delivered and documents were ready for verifications.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that stores regulations are adhered to at all times. Your Committee recommends the matter for closure subject to audit verification.
n) **Unaccounted for Stores**

The Controlling Officer submitted to your Committee that receipts and disposal details amounting K1,825,379 had since been traced and were ready for verification. Efforts were being made to find the details for the balance amounting of K213,361.61. The suppliers in question, could not be located at their known addresses as they had vacated due to high rentals, but their contact numbers were still active. With regard to the concerns raised about fuel, she submitted that the Ministry had reinforced the fuel procurement procedures by emphasising on the completeness of the information on requesting and issuing of fuel. Documentation for the fuel details in question was available for verification.

**Committee’s Observations and Recommendations**

Your Committee does not accept the reason given by the Controlling Officer and therefore, urges her to ensure that disciplinary action is taken against the erring officers. Your Committee will await a progress report on the matter.

o) **Infrastructure Development**

i. **Failure to Install Solar Geysers**

The Controlling Officer submitted to your Committee that the delay was due to lack of funds. The Ministry had received funds and the contractor was currently on site and works had since commenced. The contract was available for verification.

She added that installation was to be done in Northern, Luapula, and Muchinga Provinces and not Eastern Province as stated in the audit. She also informed your Committee that installation was to be done in phases where ninety geysers were to be installed in phase one and the remaining fifty in phase two.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the delay to install the geysers which may result in loss of Government resources. Your Committee cautions the Controlling Officer against losing public funds and encourages her to ensure that all the geysers are installed without any further delay. Your Committee awaits a progress report on the matter.

ii. **Construction of Sample Shed**

The Controlling Officer acknowledged the audit observations and stated that following the withdrawal of the previous contractor, the Ministry had since engaged another contractor to complete the remaining works. The contract was available for verification. She also stated that this contract was prepared, monitored or supervised by the Ministry of Works and Supply who were in a better position to give more details of the contract.

The Permanent Secretary, Ministry of Works and Supply clarified that the contract of the sample sheds for the Geological Survey Department commenced on 29th July, 2014 and was extended to be completed on 24th April, 2015. The contractor started having challenges towards the end of 2014 and proceeded to go on mandatory break on 21st December, 2014, with an expectation that he would resume on 4th January, 2015. By 2nd February, 2015, the contractor was not yet returned on site and a warning letter was sent to him on 6th February, 2015, for him to show cause why the contract would not be terminated. He did not respond until a meeting was called on 29th March, 2015, where he promised that he would go back on site in two weeks time. After failing to honor his word, he then decided to write to the Director of Buildings to indicate that he had some financial challenges and was unable to continue with the works. Authority was then sought from the Ministry Procurement Committee to terminate
the contract. After authority was granted, the Ministry of Mines and Minerals Development was informed to encash the performance bond in the sum of K1,199,795.01 as the advance payment paid to the contractor had been recovered in full in the course of the contract. As for Liquidated and Ascertained Damages (LAD), it was confirmed before your Committee that these were applicable and would be ascertained when the financial statement was completed. Currently, a new contractor had been engaged to finish the remaining works and he had already moved to site.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the contractor to execute the contract as per obligation as agreed. It also observes that the selection criteria for this contractor was not satisfactorily undertaken as the contractor has no capacity yet he was given the contract. Your Committee urges the Controlling Officer to ensure that the selection process for large contracts is thorough and transparent to avoid such uncalled for lapses which result in loss of Government’s meager resources. The Controlling Officer is further urged to ensure that liquidated damages are imposed on this contractor. The Controlling Officer is also implored to ensure that the remaining works are completed expeditiously. Your Committee awaits a progress report on the matter.

MINISTRY OF HOME AFFAIRS

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

18. An examination of accounting and other records maintained at the Ministry Headquarters and other departments and physical inspections of selected projects carried out in February, 2015, revealed various irregularities to which the Controlling Officer responded as set out below.

a) Construction of the Office block for National Registration and Passport in Senanga

The Controlling Officer submitted to your Committee that it was regrettable that at the time of the auditors' visit in October, 2015, the building was at roof level and the contractor was not on site as he was still awaiting the payment of a certificate worth K113,905.75 dated 26th August, 2015. This certification was done because there were some works which were done between May and August, 2015, which involved the delivery of some iron sheets and ridges valued at K32,500 as well as some concrete works and other preliminary and general items after, which he wrote to the District Works Supervisor applying for payment on 22nd August, 2015.

He further submitted that Payment Certificate No. 02 in the sum of K113,905.75 was prepared and submitted to the Ministry for payment by the Acting Provincial Buildings Engineer, Western Province. The Ministry had engaged the Project Supervisor to closely monitor the contractor and ensure that the remaining works were completed within the contract period.

Committee’s Observations and Recommendations

Your Committee expresses concern at the delay caused by lack of payment and verbal variations on the project. Your Committee urges the Controlling Officer to liaise with the Secretary to the Treasury on the release of funds. Your Committee further urges the Controlling Officer to ensure that there is close supervision of the works and also that the Provincial Buildings Engineer’s Office
in Mongu is sternly cautioned to desist from issuance of verbal instructions to the contractor. Your Committee resolves to await a progress report on the matter.

b) Construction of the Office block for National Registration and Passport Office in Solwezi

The Controlling Officer submitted that the contractor was not on site as he kept on mobilising and demobilising from the site without informing the consultants despite numerous reminders from the consultant and warning given by the Project Team comprising officers from the Ministry of Home Affairs and Provincial Buildings Engineer’s Office.

Your Committee was urged to note that as a follow up on the matter, two letters were written to the Permanent Secretary, North Western Province on 19th March, 2015 and 2nd December, 2015, requesting his office to uphold the termination of the said contract in view of the fact that all necessary procedures of terminating the contract were followed, but to date the contract had not been terminated. The Project Manager further wrote numerous letters to the contractor directing the company to comply with what was stipulated in the contract and further justify in writing why the contract could not be terminated. The contractor did not respond to the letter. Currently, the Ministry was awaiting a termination letter from the Provincial Permanent Secretary through the Provincial Procurement Committee North Western Province.

Committee’s Observations and Recommendations

Your Committee expresses great concern at the manner the contractor has been handled. Your Committee observes that there is reluctance in terminating the contract while it is clearly evident that the contractor is not serious and further that he has breached the contract by failing to complete the works within the specified period. Additionally, it is apparent that the contractor disregards his employers by failing to respond to their letter which sought for him to show cause as to why his contract should not be terminated. Your Committee urges the Controlling Officer to liaise with his counterpart in Northwestern Province so that this matter can be resolved expeditiously and the project completed without any further delay. Your Committee awaits a progress report on the matter.

c) Rehabilitation of the Office Block for National Registration and Passport Office in Mporokoso

The Controlling Officer submitted that the decision to change from rehabilitation to construction was made during the site meeting held in May, 2014, because the building which was given to National Registration by the District Administration was dilapidated and beyond serviceability.

The building drawings and bill of quantities for the construction of the Office Block for the Department of National Registration Passport and Citizenship Office in Mporokoso was submitted by the Registrar General to the Provincial Buildings Engineer, through the Provincial Registrar on 15th January, 2015. He also urged your Committee to note that the consultant was reminded to put in place the necessary requirements in liaison with the Provincial Procurement Committee to undertake the following:

(i) re-measure and value the works done by the contractor on site;
(ii) to change the scope of works from rehabilitation to construction; and
(iii) re-advertise the project accordingly in order to make progress as it had stalled.

Further, he submitted that the bill of quantities and drawings for the proposed District Office Block was submitted to Kawazane Enterprises Zambia Limited and the contractor was requested to complete the pricing and submit the priced bills of quantities to the office of the Buildings Engineer by 4th September, 2015. He furthermore stated that no works were executed on the project due to
delays by the consultant and the Provincial Procurement Committee in completing the process for tendering and award of Contract.

Committee’s Observations and Recommendations

Your Committee expresses concern at the delay caused by the consultant and the Provincial Procurement Committee in completing the process of tendering and award of contract. Your Committee urges the Controlling Officer to liaise with his counterpart in Northern Province to ensure that the process of tendering and award of the contract is expedited. Your Committee also urges the Controlling Officer to ensure that the contractor pays back the initial amount paid as it was not utilised. Your Committee resolves to await a progress report on the matter.

d) Rehabilitation of the Office Block for National Registration and Passport Office in Mbala

The Controlling Officer submitted to your Committee that the contractor had not shown seriousness in executing his works as he abandoned the site for no reason, which borders on breach of contract; he ignored to apply for the extension of completion time which had expired; and he had failed to deliver as per signed contract agreement.

The Controlling Officer also submitted that the contract was terminated, as indicated on the copy of the letter of termination referenced PANP/10/5/2 dated 29th May, 2015.

Committee’s Observations and Recommendations

Your Committee expresses great concern at the manner the contract was handled. Your Committee observes that there is a delay in terminating the contract while it is evident that the contractor is not serious and has in fact breached the contract by failing to complete the works within the contract period. Your Committee urges the Controlling Officer to liaise with his counterpart in Northern Province to resolve the matter so that the project can be completed without any further delay. Your Committee strongly recommends that the Controlling Officer ensures liquidated damages are imposed for the breach of contract. Your Committee awaits a progress report on the matter.

MINISTRY OF HOME AFFAIRS

AUDIT QUERY

UNIT : Prisons and Reformatories
PROGRAMME : Prison Farm and Industries Prison Infrastructure Development
ACTIVITY : Farm Management

Accounting and Other Irregularities

19. An examination of accounting and other records and a physical inspection of selected projects carried out during the period from July to September, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Unaccounted for Inputs – Mwinilunga State Prison - K40,758

The Controlling Officer submitted that all the receipts and disposal details were now available for audit verification.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all the erring officers are disciplined for failure to adhere to Public Stores Regulation Number 16. Your Committee further directs that all receipts and disposal details should be submitted to the Auditor General for verification. Your Committee will await a progress report on the matter.

b) Infrastructure Development

i. Failure to Supply and Install Irrigation Pumps and Accessories – Mwembeshi Open Air Prison

The Controlling Officer clarified that the contract awarded to Prime Procurement was only for supply and delivery and not installation. He also indicated that the irrigation pumps and accessories were delivered to Mwembeshi Open Air Prison on 24th April, 2014, as detailed in the Delivery Note and Goods Received Notes. However, the Ministry of Home Affairs engaged the company to only supply the irrigation accessories. Furthermore, the irrigation pumps had since been installed.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

ii. Other Infrastructure Projects

Central Region

• Construction of Storage Shed at Kalonga Milling Plant for Zambia Prisons Service

The Controlling Officer submitted to your Committee that the Provincial Administration in Central Province entered into a contract agreement for the construction of the storage shed at Kalonga Milling Plant in Kabwe at a contract sum of K4,998,429.98 VAT inclusive with a completion period of twenty-seven weeks from the date of site possession on 5th August, 2014. The contractor was paid a total of K999,686 as 20 percent advance payment.

Additionally, at the time of the Auditors’ visit in September, the contractor was not on site as he had run out of financial resources to continue with the works because the Ministry had not settled his two payment certificates worth K1,132,814.57 submitted on 15th May, 2015 and the second one worth K1,113,320.40 dated 28th August, 2015, respectively. Currently, the Ministry had since paid one of the certificates worth K1,132,814.57 in December, 2015 and the contractor was requested to mobilise back to site.

Committee’s Observations and Recommendations

Your Committee expresses concern at the delay caused by lack of payment on outstanding certificates of completion by the Treasury. The Controlling Officer is urged to liaise with the Secretary to the Treasury on the matter relating to late release of funds and also that there should be close supervision of the works to ensure satisfactory completion. Your Committee resolves to await a progress report on the matter.
• **Construction of three by four bedroomed High Cost Staff houses**
The Controlling Officer submitted to your Committee that it was indeed correct that the Provincial Administration - Central Province entered into contract agreements with three construction companies as follows:

i. **Messrs Baluba Construction** for the construction of a four bedroom High Cost Staff house Lot 1 in Kabwe at a contract sum K666,827.74 VAT inclusive with a completion period of sixteen weeks from the date of site possession on 21\(^{th}\) September, 2012. The contractor had been paid a total of K496,787.18 leaving a balance of K170,040.74;

ii. **Messrs Limanya Enterprises** for the construction of a four bedroom High Cost Staff house Lot 2 in Kabwe at a contract sum of K712,022.00 VAT inclusive with a completion period of nineteen weeks from the date of site possession on 21\(^{th}\) September, 2012. The contractor had been paid a total of K481,730.92 leaving a balance of K230,291.08; and

iii. **Messrs Geomath Engineering** for the construction of four bedroom High Cost Staff house Lot 3 in Kabwe at a contract sum of K615,342.88 VAT inclusive with a completion period of sixteen weeks from the dated site possession, 21\(^{th}\) September, 2012. The contractor had been paid a total of K295,612.50 leaving a balance of K319,730.38.

The Controlling Officer, however, informed your Committee that the contractors engaged on these projects were not committed to the execution of the project. He explained that the consultant tried to call them for site meetings several times, but they failed to show up. Consequently, the Buildings Engineer wrote to the Provincial Procurement Committee recommending the termination of these contracts. The status was that the contracts were terminated on 30\(^{th}\) December, 2015, by the Central Province Procurement Committee. The Zambia Correctional Services in liaison with the Provincial Buildings Engineer – Central Province had been instructed to conduct an assessment of the remaining works in order for the Zambia Correctional Services building team to continue with the projects.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the fact that the screening of contractors during the tendering process was not thorough. The Controlling Officer is urged to revisit the process of selection of contractors to avoid awarding contracts to contractors who have no capacity and seriousness. Your Committee further urges the Controlling Officer to ensure that the projects are completed without any further delays and that recoveries by way of liquidated damages are initiated against the three contractors. Your Committee resolves to await a progress report on the matter.

**Lusaka Region**

• **Construction of Sewer line at Mwembeshi Maximum Prison in Lusaka**
The Controlling Officer submitted that the contractor had been paid 25 percent advance payment amounting to K1,161,514.31 leaving a balance of K3,484,542.92. The observations by the Auditors concerning the works which had been done so far, being the sub structure, installing of portal frames, roof steel purlins, electrical conduit pipes, plastering up to ring beam level, external works including construction of manholes and septic tank, were also noted. The Controlling Officer however, submitted to your Committee that the scope of works for the project
included excavation of trenches, levelling and laying of sewer pipes and construction of manholes. The current status on this matter was that the excavations of 3.9 km of trenches from the Maximum Prison to the existing sewer ponds had been done except the blasting of the hard rock and laying of sewer lines inside the Maximum Prison. The outstanding works of laying of pipes and construction of manholes were ongoing as the contractor was still on site. The Controlling Officer explained that the contractor was still waiting for his payment for a certificate amounting to K842,804.48 submitted in August, 2015, which would be paid once the Ministry received funding from the Treasury.

Committee’s Observations and Recommendations

Your Committee expresses concern at the delays caused by lack of payment for completion of certificates which were issued in August, 2015. Your Committee urges the Controlling Officer to liaise with the Secretary to the Treasury on the matter relating to late release of funds and to ensure that there is close supervision of the works. Your Committee also calls upon the Controlling Officer to ensure that the works are completed expeditiously. Your Committee resolves to await a progress report on the matter.

North Western Region

- **Construction of ablution block at Mwinilunga State Prison**
  The Controlling Officer submitted that it was true that Provincial Administration North-Western Province entered into a contract agreement with Messrs SAAD Import and Export for the construction of an ablution block in Mwinilunga at a contract sum of K320,000 VAT inclusive with a completion period of twenty seven-weeks from the date of site possession on 27th May, 2013.

  He, however, corrected the record by stating that the contractor with whom the contract was entered was Messrs Lamusa, contrary to the name which was reflected in the audit report. He also informed your Committee that the structure was completed in October, 2013 and was handed over to the Zambia Correctional Service as indicated on the certificate of completion.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Western Region

- **Construction of two low cost houses at Kalabo State Prison**
  The Controlling Officer submitted to your Committee that it was true that the Provincial Administration - Western Province entered into a contract agreement with Messrs Mutulafyalo Contractors for the construction of two low cost houses in Kalabo at a contract sum of K614,221 VAT inclusive with a completion period of twenty-four weeks from the date of site possession, 27th May, 2013. The Controlling Officer also acknowledged the fact that the contractor abandoned the works in May, 2015.

  He, however, submitted that the Ministry had engaged the Western Province Administration and Provincial Buildings Engineer Office to pursue the matter and ensure that corrective measures were taken and the works were completed.
Constant follow ups would be made to ensure that there was progress on this project.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.

• Construction three Low Cost Houses in Kalabo
The Controlling Officer submitted to your Committee that it was true that the Provincial Administration - Western Province entered into a contract agreement with Messrs Venture Communication for the construction of three low cost houses in Mongu at a contract sum of K1,125,000 VAT inclusive with a completion period of twenty-eight weeks. The contractor was paid a total of K337,500 leaving a balance of K787,500. It was also true that some of the works had not yet been done.

He, however, submitted that currently, the contractor was still not on site as he had not been paid his outstanding amount of K152,806.76 which he submitted in August, 2015. This amounted was expected to be paid once the Ministry received funding from the Treasury.

Committee’s Observations and Recommendations

Your Committee expresses concern at the delay caused by lack of payment for outstanding completion of certificates by the treasury. The Controlling Officer is urged to liaise with the Secretary to the Treasury on the matter relating to late release of funds. Further, your Committee urges the Controlling Officer to ensure that there is close supervision of the works and your Committee resolves to await a progress report on the matter.

MINISTRY OF HOME AFFAIRS – PRISONS AND REFORMATORIES

AUDIT QUERY

UNIT : Prisons and Reformatories
PROGRAMME : Various
ACTIVITY : Various

Accounting and Other Irregularities

20. An examination of accounting and other records maintained at the Prisons and Reformatories Headquarters and Regional Offices carried out during the period from July to September, 2015, revealed various irregularities, to which the Controlling Officer responded as set out below.

a) Failure to Reimburse Borrowings - K100,000

The Controlling Officer informed your Committee that the funds were transferred as a borrowing to Chondwe Open Farm to procure inputs because the expected funds for the said activity had delayed. If this was not done, the crop could have gone to waste. However, the Controlling Officer informed your Committee that the funds had since been reimbursed and the necessary documents were available for audit verifications.

Committee’s Observations and Recommendations

Your Committee notes the submission and recommends the matter for closure subject to audit verification.
b) **Missing Payment Vouchers - K257,587**

The Controlling Officer submitted to your Committee that the documents were misfiled and had since been located and were available for audit verification. He also stated that the Ministry had a challenge of inadequate accounting staff as some of these accounting units were managed by uniformed officers from prisons who were not qualified accountants. The Ministry had, however, embarked on a programme of orienting all the staff on basic financial management and the requirements of the Financial Regulations.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all the erring officers are disciplined for failure to adhere to Financial Regulation No. 65. All the recovered vouchers should be submitted to the Auditor General for verification. Your Committee awaits a progress report on the matter.

c) **Unsupported Payments - K456,647**

The Controlling Officer submitted to your Committee that the Service regretted this omission and the officers concerned had since been reminded on the need to support payments adequately to avoid the reoccurrence of this. The current state of affairs was that all documents were found and were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all the erring officers are disciplined for failure to adhere to Financial Regulations Nos. 45 and 52. Further, the Controlling Officer is directed to present all the recovered supporting documents to the Auditor General for verification. Your Committee awaits a progress report on the matter.

d) **Misapplication of Funds - K3,481,511**

The Controlling Officer responded that he had directed the Commissioner General to ensure that all variations were authorised by his office before payments could be made. In this regard, he sought the indulgence of your Committee to allow the expenditure to be normalised through the excess expenditure appropriation bill. Thus the funds should, accordingly, be charged as expenditure under the general operations programme.

**Committee’s Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer to desist from abrogating the Appropriation Act of 2013 and he is urged to seek retrospective authority to regularise the expenditure. Your Committee recommends allowing the expenditure to stand as a charge to public funds.

e) **Failure to Remit Tax - K457,139**

The Controlling Officer submitted that the reason for this was that some officers were not paid in full as at the time of audit. It should be noted that the balances due to these officers had since been paid and the corresponding PAYE deducted and remitted to ZRA accordingly. Records were available for verification.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification.
f) **Failure to Deduct Tax Due to ZRA – Lusaka Region - K32,522**

The Controlling Officer submitted to your Committee that the omission was regrettable and recoveries of tax had since been instituted from the officer’s salaries and that tax of K10,332.72 would accordingly be remitted to ZRA. The recoveries would start running in the month of February, 2016.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all the erring officers are disciplined for failure to adhere to the provisions enshrined in the *Income Tax Act*. Your Committee awaits a progress report on the matter.

g) **Failure to Report Road Traffic Accidents to the Standing Accidents Committee**

The Controlling Officer submitted that the current state of affairs for individual vehicles reported was as set out below.

- **PS 122**
  This vehicle (Mitsubishi Lancer) was involved in a road traffic accident on 12th December, 2008. The accident was reported to Zambia Police as per police report which was available for verification. The vehicle was insured and the claim had been lodged with the insurance company. A follow up was made on 13th February, 2013 and payment was being awaited on the claim.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the delay by the Controlling Officer to lodge the claim with the insurance company. Your Committee observes with great concern that the said claim may not be honoured and hence may result in loss of Government resources. The Controlling Officer is urged to ensure that the matter is followed up without any further delay and your Committee awaits a progress report on the matter.

- **PS 1009B**
  The Controlling Officer informed your Committee that this vehicle was taken to Meeky Motors, Lusaka for engine repair works. The vehicle was repaired, paid for and was currently in use at Luapula Regional Office.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification.

- **PS 2053B**
  The Controlling Officer informed your Committee that this vehicle (Mazda BT-50) was involved in a road traffic accident on 20th March, 2014 and the accident was reported to both Zambia Police and the Standing Accidents Committee Board. The vehicle was insured and a claim had been lodged with the insurance company for compensation. Documents to support this claim were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee awaits a progress report on the matter.
• **PS 1073B**

The Controlling Officer informed your Committee that this vehicle (Mitsubishi L200) was involved in a road traffic accident on 9th April, 2011 and the accident was reported to Zambia Police and Standing Accidents Committee Board through the office of the Controller of Government Transport. The Controlling Officer also submitted that all the Regional Commanding Officers had been directed to ensure that all the vehicles under their charge were secured by valid insurance cover.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to claim for compensation as the vehicles were insured comprehensively. Your Committee awaits a progress report on the matter.

**h) Failure to Insure Motor Vehicles – Copperbelt Region**

The Controlling Officer informed your Committee that the current status was that all the vehicles and motor cycles had been insured except for the non-runner vehicles which made the bulk of the vehicles captured on the Auditor General’s report. The insurance certificates were now available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee does not accept the reason given by the Controlling Officer in that it is Government's policy that all its assets must be insured against unforeseen loss or damage. The Controlling Officer is cautioned for that and urged to ensure that all assets both new and old are insured as and when they are purchased to avoid the irregularity. The matter is recommended for closure subject to audit verification.

**i) Engagement of Supplier without Clearance from the Attorney General**

The Controlling Officer stated that contrary to the assertion by the auditors that the Attorney General was not consulted before the contract was entered into, this requirement was actually complied with and authority was duly sought and granted as per the documents submitted for audit scrutiny.

**Committee’s Observations and Recommendations**

Your Committee cautions the Controlling Officer for failing to provide this information to the auditors during the time of audit. The Controlling Officer is strongly advised to ensure that disciplinary action is taken against the officers who failed to provide the information and the matter is recommended for closure subject to audit verification.

**j) Staff Uniforms Distributed by Headquarters but not Received by the Intended Stations - K12,222 (US$1,854.70)**

The Controlling Officer informed your Committee that all the documents to confirm these deliveries were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all the erring officers are disciplined for failure to avail this information to the auditors and avail all documents to the Auditor General for verification. Your Committee awaits a progress report on the matter.
k) **Unaccounted for Stores - K803,102 (General Stores – K456,102 and Fuel – K347,000)**

The Controlling officer submitted that all the missing receipts and disposal details except for a balance of K11,110 worth of disposal details had since been attached and were available for audit scrutiny.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all the erring officers are disciplined for failure to adhere to the Public Stores Regulation No. 16. Your Controlling Officer is directed to ensure that all the receipts and disposal details which have been recovered should be presented to the Auditor General for verification. Your Committee awaits a progress report on the matter.

l) **Unretired Accountable Imprest - K569,300**

The Controlling Officer submitted to your Committee that unretired imprests in amounts totalling K178,200 had been retired leaving a balance of K391,099.96 and records were available for audit verification. Further, he submitted that the balance of unretired imprest in the amount mentioned above had been subjected to recoveries from the salaries of the officers concerned.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all the erring officers are disciplined for failure to adhere to Financial Regulation No. 96. Your Committee directs the Controlling Officer to present the retirements and recoveries to the Auditor General for verification. Your Committee awaits a progress report on the matter.

m) **Failure to Avail Activity Reports - K843,279**

The Controlling Officer informed your Committee that this omission was caused by misfiling and that the said reports had been found and were available for audit verification. As a corrective measure, activity reports would have to be attached to the retirements in all cases to avoid recurrence.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all the erring officers were disciplined for failure to adhere to financial Regulation No. 96. Your Committee directs that the activity reports be availed for audit verification, and a progress report be submitted to them.

n) **Unauthorised Paid Study Leave**

The Controlling Officer stated that he had since directed the Commissioner of Prisons to ensure that henceforth, officers sought approval of PSMD before they proceeded on paid study leave.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the supervisor to the officer who proceeded on paid leave without authority. Your Committee urges the Controlling Officer to ensure that the matter is normalised without any further delay. Your Committee resolves to await a progress report on the matter.
21. An examination of accounting and other records maintained at Prison Headquarters and other State Prisons revealed various irregularities, to which the Controlling Officer responded as set out below.

a) **Failure to Collect Funds from the Sale of White Maize - K379,620**

   The Controlling Officer informed your Committee that the matter as guided by your Committee was reported to Zambia Police Force - Eastern Division Headquarters. The matter was currently in court as per Police report. Progress would be reported when the court proceedings were concluded.

   **Committee’s Observations and Recommendations**

   Your Committee awaits a progress report on the court case.

b) **Unaccounted for Funds - K5,000**

   The Controlling Officer stated that the payment voucher and its supporting documentation regarding this expenditure were misfiled, but had since been traced and were available for audit verification.

   **Committee’s Observations and Recommendations**

   Your Committee resolves to close the matter subject to audit verification.

c) **Misapplication of Funds - K978,378**

   The Controlling Officer informed your Committee that the amount of K978,378 reported by the auditors had been overstated by K160,281.34, thereby bringing the correct amount to K818,095.66 as reported in the Auditor’s schedule. The amount of K818,095.66 was further overstated by K75,496.00 arising from two payments on Cheque No.s 035566 and 035567 which were duplicated on Serial No.s 65, 66, 70 and 71 on the Auditor’s schedule CPII PIRF related activities above bringing the correct amount to K742,599.66.

   From the amount of K742,599.66, a total of K489,805.05 was spent on Prisons Day activities which was a key activity under PIRF and the activity was planned for, hence the amount was not misapplied as it was spent on the planned activities, leaving an amount of K252,794.61 as outstanding. This amount would be refunded when the Department received the funding for Recurrent Departmental Charges.

   **Committee's Observations and Recommendations**

   Your Committee warns the Controlling Officer to desist from misapplying funds, but to spend in accordance with the allocations by Parliament. Your Committee awaits a progress report on the matter.
d) Unsupported Payments - K1,453,891

The Controlling Officer submitted that all relevant supporting documents had been traced and the payment vouchers were adequately supported. The documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all erring officers are disciplined for failure to adhere to Financial Regulation Nos. 45 and 52. Your Committee directs that all the supporting documents should be availed to the Auditor General for verification. Your Committee awaits a progress report on the matter.

e) Unretired Accountable Imprest - K189,019

The Controlling Officer submitted that recoveries for the unretired imprest totalling K189,019 had been instituted and that the recoveries would start running on the officers’ payslips starting from the month of February, 2016.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all the erring officers are disciplined for failure to adhere to Financial Regulation No. 96. Your Committee awaits a progress report on the matter.

f) Failure to Avail Activity Reports - K182,283

The Controlling Officer submitted that the current status was that the reports in question were now available for audit verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all the erring officers are disciplined for failure to adhere to Financial Regulations. Your Committee directs that the Activity Reports be submitted to the Auditor General for verification. Your Committee awaits a progress report on the matter.

g) Unaccounted for Stores - K345,098 (General Stores – K54,814 and Fuel – K290,284)

The Controlling Officer submitted that the documents for general stores and fuel were traced and the ledgers updated. The documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all the erring officers are disciplined for failure to adhere to Public Stores Regulation No.16. Further, all documents should be submitted to the Auditor General for verification. Your Committee awaits a progress report on the matter.

h) Delayed Banking - K346,475

The Controlling Officer submitted that the delays in banking occurred during the initial stage when the milling plant started its operations as there were no accounting staff to run the financial affairs at the plant. He stated that the Ministry was still pursuing the issue of staff establishment with Cabinet Office. However, the current status on this matter was that the two accounting officers had since
been attached to Kalonga Milling Plant and were adhering to the Government procedures of ensuring that all revenues collected were deposited the following business day.

Committee’s Observations and Recommendations

Your Committee finds the explanation given by the Controlling Officer unacceptable and urges him to ensure that all the erring officers are disciplined for failure to adhere to Financial Regulation No. 121. All the documents relating to this revenue should be presented to the Auditor General for verification, subject to which the matter should close.

MINISTRY OF FOREIGN AFFAIRS

AUDIT QUERY

DEPARTMENTS : Various
PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

22. An examination of accounting and other records maintained at the Ministry Headquarters carried out between February and May, 2015, revealed various accounting irregularities, to which the Controlling Officer responded as set out below.

a) Expenditure Incurred on Undeployed Staff

The Controlling Officer submitted that the recalled Diplomats were civil servants who were entitled to a salary according to the conditions of service. Further, when the officers were recalled in some cases, they were replaced by diplomats who were non-civil servants and this created a challenge on the vacancies.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Government to deploy officers owing to the fact that they are drawing salaries without rendering a service to the employer. Your Committee urges the Controlling Officer to ensure that the recalled officers are redeployed without any further delay. A progress report on the matter is awaited.

b) Payment of leave terminal in excess of entitlement

The Controlling Officer submitted that the officer was paid leave terminal benefits in excess of his entitlement because the officer was granted express authority to claim the excess leave days. The copy of the authority was on the file that was submitted to the Pension Board as the officer had retired. Efforts were being made to retrieve the document from his file.

Committee’s Observations and Recommendations

Your Committee resolves that all documentation on this matter be availed to the Auditor General for verification, subject to which the matter should be closed.

c) Non Recovery of Loans and Advances

The Controlling Officer submitted that some of the advances in question were already being recovered at the time of audit. However, for the two officers who were sent into Foreign Mission, the recoveries could not be effected because housing and transport allowances were removed from
their payslips, hence reducing their net pay to below 40 percent and the pay slip could not accommodate the recoveries. However, the recoveries had now been instituted from the Foreign Service allowances for one officer whilst for the other officer, recoveries were running on the salary.

Committee’s Observations and Recommendations

Your Committee requests the Auditor General to verify the submission and resolves to await a progress report on the matter.

d) Misapplication of Funds

The Controlling Officer submitted that during the period under review, the Ministry faced serious challenges with funding and at the same time a lot of urgent payments needed to be made. As correctly observed by the Auditors, due to the urgency of some of the payments, it was resolved that funds would be borrowed against these activities and reimbursed when the respective activities were funded.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to obtain authority from the Secretary to the Treasury despite the urgency of the expenditure incurred. It is evident that he is not concerned with seeking retrospective authority as no such authority has been sought to date. Your Committee, therefore, directs the Controlling Officer to ensure that all the funds are reimbursed without any further delay. Your Committee awaits a progress report.

e) Wasteful Expenditure on Storage Charges

The Controlling Officer submitted that the normal channel of communication between the Ministry and the Missions was through the Diplomatic Bag, which in some cases delayed to be dispatched. Therefore, the delay in receiving the Bill of Lading was as a result of the problem highlighted above. Nonetheless, the Ministry had instructed the Mission to be sending urgent documents through other faster means such as DHL.

Committee’s Observations and Recommendations

Your Committee notes the submission and requests the Auditor General to verify it. Your Committee further urges the Controlling Officer to take disciplinary action against the erring officers who caused this wasteful expenditure. Your Committee awaits a progress report on the matter.

f) Irregular payment of Accommodation Bills

The Controlling Officer submitted that, after the officer completed his training at ZIDS, the Government gave instructions that the officer should await the swearing in ceremony at State House, hence the extension of his stay in the hotel.

Committee’s Observations and Recommendations

Your Committee finds it misleading to hear that Government gave instructions for the officer’s extended stay as evidence for such authority is not availed either to Auditors or your Committee. In the absence of evidence of such authority, your Committee recommends the recovery of the said funds without any further delay. A progress report is awaited.
MISSION ABROAD – LUBUMBASHI

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

23. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission and a physical inspection of properties carried out in April, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Revenue Collections - Undercollection of - K258,081 (US$43,324)

The Controlling Officer submitted that the under collection was attributed to the following factors:

(i) nationals who wished to enter Zambia through Kasumbalesa Border Post had an option to obtain visa document at Kasumbalesa rather than through the Mission; and

(ii) other nationalities applied direct through the online system through the Immigration Headquarters as they were required to be screened.

Committee’s Observations and Recommendations

Your Committee notes the submission, but urges the Controlling Officer to ensure that revenue collection targets are met by increasing the monitoring mechanisms. Your Committee resolves to close the matter.

b) Employment of Locally Engaged Staff (LES) without Authority

The Controlling Officer submitted that as correctly observed, the Mission engaged two extra local staff above the approved LES establishment because it realised that the work involved in the issuance of visas needed extra staff. However, the Ministry had requested for retrospective authority to expand the structure of the LES from the Secretary to the Cabinet for smooth operations. Further, the Ministry had cautioned the Mission not to engage officers without Authority. The Controlling Officer also submitted that the Mission had given an explanation which led to the misunderstanding. The Mission had stated that there was an oversight on one of the two Locally Engaged Staff (LES) who had been mentioned as having retired after attaining fifty-five years retirement age. The letter ZC/LUB/101/1/4 of 18th July, 2013, was erroneously done as it did not take into account that all LES had signed new five year contracts, and were not subjected to fifty-five years retirement age since they had become contractual employees. Their new contracts were signed effective May, 2011, to April, 2016, superseding the previous conditions of service which required one to retire at the age of fifty-five years.

Committee’s Observations and Recommendations

In noting the submission, your Committee urges the Controlling Officer to take control of operations in the Missions Abroad by ensuring that officers at the Missions consult with him before making such serious decisions as those related to staff matters. Your Committee observes that failure to do so would result in loss of the much needed public funds or even security breaches. Your Committee further urges the Controlling Officer to institute disciplinary action against the erring officers in this case and ensure that all the cases mentioned above are normalised without any further delay. Your Committee awaits a progress report on the matter.
c) Unaccounted for Stores

The Controlling Officer acknowledged the audit observation and informed your Committee that Circular number 78/2015 had since been issued to all Heads of Mission to adhere to the regulations and further cautioned them to desist from flouting stores regulations.

Committee’s Observations and Recommendations

In noting the submission, the Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers to deter others. Further efforts should be made to recover the receipt and disposal documents referred to in the query. Your Committee resolves to await a progress report on the matter.

d) Inventory not inscribed with GRZ Identification Marks

The Controlling Officer submitted that the inscription of GRZ property with identification marks was the responsibility of the Ministry of Transport, Works, Supply and Communication. The Ministry had since written to that Ministry to undertake the inscription.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that he follows up the matter with his counterpart in the Ministry of Works and Supply to ensure that all assets at the Mission are inscribed with Government identification marks without any further delay. Your Committee awaits a progress report on the matter.

e) Rehabilitation of Mission Property

The Controlling Officer submitted that although inspection reports had not yet been issued at the time of making part payments to the contractor, the payments were based on the certificates which were issued. The Controlling Officer also submitted that at the time of the audit inspection, the remaining works had not been inspected by the consultant. However, when the consultant visited the sites, instructions were issued to the contractor to correct the works which were incorrectly done. The contractor was also instructed to remove all the materials which were not in conformity with Bill of Quantities (BOQ). It was further agreed that the contractor would only be paid for the works which conformed to the BOQ. In order to reduce on the cost of housing to the Government, it was agreed that the officers should move into the houses after inspection by the consultant who advised that the houses were habitable.

On the query concerning use of poor materials not recommended in BOQ, the Controlling Officer acknowledged the Auditors' observation that most materials used were not according to specifications. He, however, submitted that the contractor was instructed to make corrections where the materials used were not according to specifications as per inspection report. On fitting of decorated semi solid core flush doors, the Controlling Officer submitted that the consultant clarified to the client during the last visit in May, 2015, that the doors fitted were the correct type. On the construction of the wall fence, he submitted that he was in consultation with the consulate to establish what could have brought about the separate bill for the fence when it was already in the BOQ.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all the outstanding renovations and construction works are completed without any further delay. He is also urged to ensure that funds are secured every year within the budget to capacitate the inter-ministerial committee to enhance it
to maintain Mission properties rather than have contractors who would be working unsupervised and thus produce shoddy works. Your Committee awaits a progress report on the matter.

MISSION ABROAD – WASHINGTON

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Excess payments - K189,000 (US$33,000)

24. The Controlling Officer submitted that his office authorised the Mission to pay the house rentals above the Ambassador’s threshold after the Mission exhausted all available avenues to find suitable accommodation within the Ambassador’s entitlement. The Ministry had since obtained retrospective authority from the Secretary to the Cabinet to have Accommodation Allowances increased.

Committee’s Observations and Recommendations

Your Committee is disappointed that authority was not granted before this expenditure was incurred. Your Committee notes the submission, but urges the Controlling Officer to submit relevant documentation to the Auditor General for verification, subject to which the matter should close.

MISSION ABROAD - NEW YORK

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

25. An examination of accounting and other related records maintained at the Ministry Headquarters and Regional Offices carried out in August, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Residence - 201 Wyndcliff Road

The Controlling Officer submitted that the Ministry had started employing a phased approach in the rehabilitation and construction of properties in Missions abroad. To this effect, the Ministry made a provision in the 2015 budget for the rehabilitation of properties at the New York Mission. However, the Ministry of Finance did not release any funds for infrastructure development in the 2015 financial year. This made it impossible to implement the phased approach that the Ministry had planned. In order to mitigate the above highlighted constraint of funds, the Government, through Cabinet Office had granted authority to use mortgage finance. Currently, the committee appointed to spearhead this process was looking at how the mortgage finance would be implemented.

Committee’s Observations and Recommendations

Your Committee notes the submission, but urges the Controlling Officer to ensure that the process is expedited to save the properties from becoming dilapidated and uninhabitable. Your Committee resolves to await a progress report on the matter.
MISSION ABROAD - LONDON

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

26. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April, 2015, revealed several weaknesses in internal controls to which the Controlling Officer responded as set out below.

(a) Revenue

i. Failure to Prepare Bank Reconciliations

The Controlling Officer submitted that the Mission Accountant had since been cautioned for failure to prepare bank reconciliations. In addition, the officer had been asked to account for the amount which could not be traced on the bank statement, failure to which a refund would be charged to him. Additionally, the officer had been recalled from the Foreign Service.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to ensure that the competence levels of officers sent in the missions are thoroughly checked before officers are sent into the Missions Abroad. Your Committee is of the opinion that the competence of the officer who failed to carry out bank reconciliations for the period under review is highly questionable. Your Committee urges the Controlling Officer to ensure that the queried amount is recovered from the erring officer and that appropriate disciplinary measures are instituted against the officer in accordance with the Financial Regulations without any further delay. Your Committee awaits a progress report on the matter.

ii. Unauthorised Transfers

The Controlling Officer submitted that the £8,880.79 would be refunded by the Ministry of Foreign Affairs Headquarters to the Treasury once the Ministry was funded. Further, the Mission had been directed to reconcile the revolving account and the main account so that the Funds for the revolving account could be refunded.

Committee’s Observations and Recommendations

Your Committee expresses concern that the Mission blatantly disregarded Financial Regulation No. 139(2) regarding transfers of funds between accounts or between banks. Your Committee is also seriously concerned that it has taken so long to reconcile the Revolving Fund Account and recommends that the erring officers in this matter also be disciplined. Your Committee will await progress on the reimbursement of the £8,880.79.

(b) Expenditure

i. Unauthorised Overdrafts – Main Account

The Controlling Officer submitted that the Mission Accountant had since been recalled.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that internal controls are enhanced in the missions. Your Committee finds it unacceptable that the Mission could obtain an overdraft without authority from the Secretary to the Treasury contrary to the Public Finance Act, 2004.
Your Committee calls upon the Controlling Officer to take disciplinary action against the officers responsible for this breach. Your Committee reiterates that the recall of an officer from the Foreign Service does not constitute disciplinary action as provided for under the Public Finance Act and the Financial Regulations.

Your Committee will await an update on the repayment of the overdraft and the institution of disciplinary action against the erring officers.

ii. Unclaimed Value Added Tax (VAT) - K863,700 (£86,071)
The Controlling Officer submitted that the Mission had since computed the VAT refund applications for submission to Her Majesty’s Revenue and Customs Office.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the officers at the Mission to claim refunds when provision was there for them to do so. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers for this lapse. Your Committee awaits a progress report on both the VAT refund claim and the disciplinary process.

iii. Failure to Reimburse Funds - K1,131,890 (£113,180)
The Controlling Officer submitted that the amount would be reimbursed to the Defence Account once funds were available.

**Committee’s Observations and Recommendations**

Your Committee finds the diversion of the funds meant for the Defence Attaché's operations unacceptable. In this regard, your Committee recommends that disciplinary action be taken against all officers responsible for disregarding Financial Regulations. Your Committee further recommends that the funds be reimbursed without any further delay. Your Committee awaits a progress report on the matter.

iv) Failure to pay suppliers of Goods and Services on time
The Controlling Officer submitted that the Ministry had a provision of K26,000,000 for infrastructure development in the 2015 budget, from which the contractor in question was supposed to be paid for the rehabilitation works carried out at the Official Residence and the Chancery. However, nothing was received from the treasury in respect of the budgeted figure.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to liaise with the Secretary to the Treasury as regards the release of the funds as the reputation of the Zambian Government is at stake in this matter, especially in the event that the contractor took the matter to court. Your Committee awaits a progress report.

v. Failure to Claim Security Deposit
The Controlling Officer regretted that the security deposit was not recovered from the former Deputy High Commissioner. This was due to the inefficiencies of the Mission Accountant who had since been recalled. The Ministry had since written to the former Deputy High Commissioner requesting him to indicate how and when he intended to settle the security deposit in question.
Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to ensure that officers in the Missions are thoroughly screened before being deployed. Your Committee is further concerned that the security deposit has yet to be recovered from the Deputy High Commissioner in contravention of the six months stipulated in Circular No. 13 of 2011. Your Committee recommends that disciplinary action be taken against all the officers responsible for this lapse and that recoveries be instituted immediately. Your Committee awaits a progress report on the matter.

vii. Weaknesses in the Management of the Revolving Fund Account

• Failure to Prepare Cashbook and Bank Reconciliations
  The Controlling Officer submitted that the Mission Accountant had since been cautioned for failure to prepare bank reconciliations and had been recalled from the Foreign Mission.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to ensure that the competence of officers sent in the missions is thoroughly checked as it appears that the Mission Accountant's competence was questionable. In this vein, your Committee calls on the Controlling Officer to institute disciplinary measures against the Mission Accountant for this lapse without further delay in accordance with the provisions of the Financial Regulations. Your Committee also directs that the reconciliation be undertaken immediately. Your Committee will await a progress report on the matter.

• Non-Recovery of Salary Advances - K264,050 (£24,900)
  The Controlling Officer submitted that in relation to the £12,000 which was reported unrecovered, £4,000 against security was included in the casualty form. He, however, took note of the auditors’ observations. For the second officer, the amount outstanding at the time of audit was wrongly reported as £9,700 instead of £2,026.87 and recoveries continued. As regards the other officer who was owing £1,200, the amount had been fully recovered. The last officer reported under this subheading owed an amount of £2,000. The Ministry had since written to him to pay the balance of £691.55 which was the reconciled balance. In all cases stated above, the Controlling Officer submitted that the relevant documentation was available for audit verification.

Committee’s Observations and Recommendations

Your Committee directs that all the salary advances be recovered without further delay and calls on the Controlling Officer to institute disciplinary action against the erring officers for the failure to recover these advances hitherto. Your Committee further directs that all relevant documentation be submitted for audit verification, and will await a progress report on the matter.

• Misapplication of Funds - K78,528 (£7,598.66)
  The Controlling Officer submitted that the Mission had been instructed to refund the Revolving Account. In addition, the Mission Accountant had been recalled.

Committee’s Observations and Recommendations

Your Committee emphasises that recalling an officer from the Foreign Service does not constitute disciplinary action for failure to observe the Financial Regulations. In this regard, your Committee implores the Controlling Officer to institute disciplinary action against the
erring officer without any further delay. Your Committee further recommends that the funds be reimbursed immediately. Your Committee will await a progress report on the matter.

vii. **Failure to Sign Contracts – IT Service Providers**
The Controlling Officer submitted that Network Ecosystem provided the following services to the Mission: website hosting and management, and official emails. Their scope of work was available for verification while another supplier provided IT services on an on-call basis attending to urgent repairs and other matters. His signed contract was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee wonders how Network Ecosystem was engaged in the absence of a contract. Your Committee also wonders why the contract with the other supplier was not made available at the time of audit. In this regard, your Committee calls for disciplinary action to be taken against the officers responsible for these lapses in line with the provisions of the Financial Regulations. Your Committee awaits a progress report on the matter.

Viii **Management of Transport**

- **Failure to Dispose of Unserviceable Vehicle**
The Controlling Officer submitted that the Ministry had not yet received authority from the Ministry of Finance to have the unserviceable vehicle boarded. Further, the Chancery did not have adequate parking space, hence the vehicle was parked at the residence.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to follow up the matter with the Ministry of Finance so that the vehicle is boarded without any further delay. Your Committee awaits a progress report on the matter.

- **Lack of Motor Vehicle Records**
The Controlling Officer submitted that copies of all ownership documents were kept on file while the originals had now been placed in a safe in the office of the Deputy Head of Mission. The ownership documents were availed to the team for scrutiny except for one whose file could not be located. The Mission had applied to the Driver and Vehicle Licensing Authority (DVLA) for a new registration document for that vehicle.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable that documents for the vehicle could not be traced. Your Committee urges the Controlling Officer to ensure that documents are properly secured to avoid loss due to negligence. Your Committee also urges him to ensure that the ownership documents of the said vehicle are processed without any further delay. Your Committee directs that all the other documents be presented for audit verification and will await a progress report on the documents for the one outstanding vehicle.

ix. **Work Plans and Returns**
The Controlling Officer submitted that all Missions Abroad prepared departmental and individual annual work plans which were submitted to the Ministry Headquarters for evaluation and budgeting purposes. At the end of each year, Missions Abroad also prepared annual reports that were submitted to the Ministry Headquarters. When reports were submitted to the Ministry, they were in turn directed to various departments concerned.
Upon receiving recommendations, the Missions were informed appropriately on the way forward.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable that the monitoring mechanism for Missions Abroad by the headquarters is weak and urges the Controlling Officer to devise a stronger system of monitoring in order to improve the operations. Your Committee will await a progress report on the matter.

**x. Property Management**

- **Chancery – Non - Functional Elevator**
  The Controlling Officer submitted that the Mission had a running maintenance contract with Otis that expired on 31st December, 2014 and was not renewed since the elevator had stopped working and it was no longer cost effective to continue doing repairs. Otis submitted a modernisation proposal which was awaiting approval from Headquarters. The Ministry had not been able to replace the lift due to inadequate funding. The outstanding payments were for the repairs that were done to the elevator before it completely stopped functioning in November, 2014.

**Committee’s Observations and Recommendations**

Your Committee awaits a progress report on the matter.

- **The Residence - Greenbanks, 17 Courtney Avenue, Hampstead**
  The Controlling Officer submitted that the leakage in question had since been worked on.

**Committee’s Observations and Recommendations**

The matter is recommended for closure subject to audit verification.

**MISSION ABROAD – NAIROBI**

**AUDIT QUERY**

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**Accounting and Other Irregularities**

27. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in March, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

**a) Irregular Payments**

i) **Irregular Payment of Allowances to Spouse of Late Diplomat - K104,010 (US$18,573.29) as Representation, Entertainment and Extra - Accreditation and K31,256 (KSh500,000) as Rent**
  The Controlling Officer submitted that the Mission overpaid the widow and could not take action against the Ambassador and the staff involved in these payments because they were recalled from the Mission and had since been paid their dues. Only the Mission Accountant was still at the Mission, but also had been recalled as a disciplinary measure against him.
Committee’s Observations and Recommendations

Your Committee finds it unacceptable that the Controlling Officer appears to be reluctant to pursue the recovery of the overpaid funds. Your Committee strongly recommends that the recoveries be instituted without delay. In the event of failure to recover the funds from the beneficiary, recoveries should be effected from officer who authorised the payments. Your Committee awaits a progress report on the matter.

ii) Payment of Transportation Costs for Personal Goods – High Commissioner - K109,100 (US$17,825)

The Controlling Officer submitted that the former High Commissioner committed herself to pay back the said amount and the Ministry was still following up the matter.

Committee’s Observations and Recommendations

Your Committee finds this to be pure theft by public servant and urges the Controlling Officer to report the matter to the investigative wings without any further delay. Your Committee awaits a progress report on the matter.

iii) Failure to Recover Medical Bills - K3,830 (Ksh63,887)

The Controlling Officer submitted that the Ministry had written to the former High Commissioner to refund the medical bills.

Committee’s Observations and Recommendations

Your Committee notes that the matter has been outstanding for a long time and calls on the Controlling Officer to step up his efforts to recover the outstanding amount without any further delay. Your Committee awaits a progress report on the matter.

b) Consultancy for Assessment for Rehabilitation Works

The Controlling Officer submitted that the outstanding bill in question did not have necessary supporting documents.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that the Controlling Officer does not appear to be taking any action to resolve this matter after such a long time. Your Committee directs the Controlling Officer to ensure that the matter was resolved expeditiously to avoid penalties. Your Committee awaits a progress report on the matter.

MISSION ABROAD - ADDIS ABABA

AUDIT QUERY PARAGRAPH 28

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Accounting and Other Irregularities

28. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in March, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.
a) **Lack of Formal Contracts for Locally Engaged Staff (LES)**

The Controlling Officer submitted that all the locally engaged staff were employed on permanent basis and were expected to retire at sixty years of age.

**Committee’s Observations and Recommendations**

Your Committee is extremely disappointed at the casual manner the Controlling Officer responded as he does not even state the reason why his officers failed to formalise the contracts for locally engaged employees. Your Committee urges the Controlling Officer to ensure that the contracts are formalised without any further delay. Your Committee awaits a progress report on the matter.

b) **Property Management**

i) **Failure to Secure Title Deeds for the Chancery and Residence**

The Controlling Officer submitted that the process of acquiring the title deeds was paused due to the demise of the original owner of the property. The Mission had, however, written to the Ministry of Foreign Affairs of the Federal Democratic Republic of Ethiopia requesting for the process to acquire the title deed to be reactivated. The Ministry had since informed the Mission that it had requested the cooperation of the Addis Ababa City Administration to finalise the Embassy’s request for title deeds. Therefore, the Mission was awaiting the response from the council.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to follow up this matter with the relevant authorities and ensure that the process is expeditiously finalised. Your Committee awaits a progress report on the matter.

ii) **Rehabilitation of the Chancery**

The Controlling Officer submitted that the Ministry had taken note of the recommendation made in this regard, but stated that the Ministry submitted the tender documents to the Zambia Public Procurement Authority (ZPPA) to grant a waiver on the 20 percent upper limit, for which authority had been granted. The tendering had been completed, but the Ministry could not proceed with the awarding of contracts because of non-availability of funds.

**Committee’s Observations and Recommendations**

Your Committee awaits a progress report on the matter.

iii) **Rehabilitation of Chancery and Annex**

The Controlling Officer submitted that the rehabilitation of the Chancery and Annex remodelling was being done using a phased approach under the 2015 budget. However, the Ministry could not award the contract due to non-release of the funds from the Treasury.

**Committee’s Observations and Recommendations**

Your Committee urges the Secretary to the Treasury to prioritise rehabilitation works to avoid the total dilapidation of the buildings. Your Committee awaits a progress report on the matter.

iv) **Undeveloped Land**

The Controlling Officer submitted that the drawings and plans had since been done, but the only challenge was that the plans could not be accepted by the Addis Ababa city Administration since they expected the Mission to engage a local consultant. The Ministry was
now in the process of engaging a local consultant. He added that Cabinet Authority was given for Missions to enter into mortgage financing to procure, build and rehabilitate properties. The land in question would be developed through such financing.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Government to develop the land which was acquired ten years ago. Your Committee observes with concern that Government is likely to lose this land as their counterparts in Ethiopia may not allow it to remain undeveloped for much longer. Your Committee strongly urges the Controlling Officer to ensure that the process is expedited to develop the land. Your Committee awaits a progress report on the matter.

MISSION ABROAD - BEIJING

AUDIT QUERY

| PROGRAMMES | Various |
| ACTIVITIES | Various |

Accounting and Other Irregularities

29. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in March, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Failure to Obtain Authority to be Accompanied by Family Members
The Controlling Officer submitted that the copies of authorities to be accompanied by family members had been found at the Ministry Headquarters from the officers’ respective files and were now available for audit verification.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

b) Overpayment of Extra – Accreditation Allowance - (K3,594.14) US$698.57
The Controlling Officer submitted that he regretted that an amount of (K3, 594.14) US$698.57 was wrongly paid to the former diplomats. This happened because the Ministry delayed communicating to the Beijing Mission that they were no longer accredited to Laos and Cambodia because the two countries had been accredited to the Kuala Lumpur Mission after it was opened.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by officers at the Ministry to communicate to the mission about the changes that took place at the time. Your Committee urges the Controlling Officer to take stern disciplinary action against all erring officers for causing such loss of public funds and ensure that the amount is recovered from the officers. Your Committee awaits a progress report on the matter.

c) Non-Recovery of Overpaid Education Allowance - K28,941 (US$5,625)
The Controlling Officer submitted that as correctly observed by the auditors, the former Ambassador was paid K55,602 (US$9,000). He explained that this payment was in order as this was an outstanding arrear.
Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

d) Irregular payment of Hotel Bills for the Honourable Minister - K8,963 (US$1,731.31)

The Controlling Officer submitted that the only amount paid to Crown Plaza was US$ 213 (K1,096.48). The other two amounts of RMB 3,600 and RMB 5,363.31 were paid to the airport for the VIP lounge. He explained that when Ministers travelled, they were accorded the courtesy of using the VIP lounge by the Mission which was provided for. The Minister in question was transiting and did not spend a night in Beijing, hence, it was prudent for the Mission to pay the hotel which was cheaper and had better facilities than the VIP lounge.

Committee’s Observations and Recommendations

Your Committee is disappointed that the Controlling Officer appears to be justifying the irregular payment of hotel bills. Your Committee notes that it is not the duty of Missions Abroad to pay hotel bills for Ministers when they travel abroad. In this regard, your Committee strongly recommends that the amount paid towards hotel bills be recovered from the officers who authorised the payment and that disciplinary action be taken against the officers. Your Committee resolves to await a progress report on this matter.

e) Failure to recover Funds from Recalled Ambassador - K9,507 (US$1,847.87) and K6,362 (US$1,236.48) for Missing Items and Outstanding Bills

The Controlling Officer submitted that the former Ambassador did not settle the bills for the hotel, gas and water bills and missing items which were paid for by the Embassy. However, the Ministry was in the process of engaging the Ministry of Justice on how the funds could be recovered as the former Ambassador had not reported back to the Ministry since she was recalled.

Committee’s Observations and Recommendations

Your Committee notes with disappointment that the Controlling Officer has not aggressively followed up this matter. In light of this, your Committee directs the Controlling Officer to report the matter to the police for further expeditious action and possible recovery of the public funds. Your Committee awaits a progress report on the matter.

f) Unapproved Payment Vouchers K409,913 (US$79,385.53)

The Controlling Officer submitted that, as observed by the Auditors at the time of audit, thirty-five payment vouchers amounting to K409,913 (US$79,385.53) were not checked and signed by responsible officers. The responsible officers who were supposed to have signed were no longer working at the Mission, making it difficult for the new officers to sign the payment vouchers. The Ministry had put a system in place to ensure that all payment vouchers were duly signed and a circular sent to that effect.

Committee’s Observations and Recommendations

Your Committee is disappointed that payments were made on unapproved vouchers. Your Committee urges the Controlling Officer to institute disciplinary action against the officers who authorised payments on unapproved payment vouchers. Your Committee awaits a progress report on the matter.
g) Missing Payment Vouchers - K224,854 (US$44,970.85) Dollar Account and K154,251 (US$29,980.72) Local Currency Account

The Controlling Officer submitted that some of the payment vouchers had been found and were now available for verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the erring officers are disciplined for failure to file the payment vouchers properly. Your Committee further directs that all the payment vouchers which were located should be presented for audit verification and a progress report be submitted on those still missing. Your Committee awaits a progress report on the matter.

MISSION ABROAD - NEW DELHI

AUDIT QUERY
PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

30. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Non-Recovery of Repair Costs from Diplomats

The Controlling Officer submitted that the recovery of US$ 2,138.82 (K11,668.79) had been instituted at once in the month of February, 2016, from the Ambassador’s Foreign Service Allowances.

Committee’s Observations and Recommendations

Your Committee notes the submission and recommends it for closure subject to audit verification.

b) Payment of Rentals in Excess of Entitlement - K4,714 (US$878.21)

The Controlling Officer submitted that the recoveries had been effected from the officers on the excess amounts paid in rentals above entitlements. The proof of deduction was available for audit verification.

Committee’s Observations and Recommendations

Your Committee notes the submission, but urges the Controlling Officer to institute disciplinary action against the officers who authorised the excess rental payments. The matter is recommended for closure subject to audit verification.

c) Failure to Inscribe Government Assets

The Controlling Officer submitted that the inscribing of GRZ property with identification marks was the responsibility of the Ministry of Works and Supply. The Ministry of Foreign Affairs had since written to that Ministry to undertake the inscription. He added that in the interim, Missions had been instructed to identify the Government furniture by inscribing it with GRZ mark as they waited for the Ministry of Works and Supply to execute its mandate.
Committee’s Observations and Recommendations

Your Committee is disappointed that the Controlling Officer waited until the auditors came before taking action on this matter. Your Committee awaits a progress report on the matter.

d) Failure to Obtain Authority to be Accompanied by Family Members

The Controlling Officer submitted that the authority was granted to the officers in question to be accompanied by their spouses and their children.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to take disciplinary action against all erring officers for failure to avail the documents to the auditors at the time of audit. The matter is, however, recommended for closure subject to audit verification.

e) Properties - Residence

The Controlling Officer submitted that tendering for the provision of architectural, engineering and quantity surveying services for the proposed demolition of the properties had been completed. The tender bids were available for audit verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to vigorously pursue all available options to expedite the process of constructing a new structure. Your Committee awaits a progress report on the matter.

f) Failure to Utilise Rehabilitation Funds - K766,089 (US$100,801.17)

The Controlling Officer submitted that the funds for rehabilitation were not sufficient for the activity. Following Cabinet approval of mortgage financing, the Mission had been requested to look for banks which could offer mortgages.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to expedite that process of identifying the banks that may help with the rehabilitation programme. Your Committee cautions the Controlling Officer to ensure that funds are put to good use and for the intended purpose only. Your Committee awaits a progress report on the matter.

g) Rentals for High Commissioners’ Residence - K2,037,105 (US$ 319,333.81)

The Controlling Officer submitted that the residence was declared uninhabitable by the host Government, resulting in the Government renting a residence for the Ambassador. However, rehabilitations would commence once resources were made available.

Committee’s Observations and Recommendations

Your Committee urges the Government not to allow such important buildings to become dilapidated to these levels. Your Committee calls on the Controlling Officer to expedite the process of identifying banks that can facilitate the rehabilitation of the residence. Your Committee awaits a progress report on the matter.
h) Utility Bills - K35,069 (K4,559 in 2013 and K30,509 in 2014)

The Controlling Officer submitted that electricity and water bills were paid for the residence even though it was unoccupied because the residence still housed Government property. To this effect, the Mission had contracted a security firm to guard the Government property in the house.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to expedite the process of identifying banks that may help with the rehabilitation programme in the Missions to save the Government from further embarrassment and loss. Your Committee awaits a progress report on the matter.

MISSION ABROAD – MAPUTO

AUDIT QUERY

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Accounting and Other Irregularities

31. An examination of accounting and other records maintained at the Mission for the year under review carried out in March, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Lack of Ownership Documents for Properties

The Controlling Officer submitted that the Zambian Government only owned one property in Mozambique that is the Official Residence for the High Commissioner for which it had title deeds. The title deeds were issued on the basis of property exchange between the Zambian Government and the Mozambican Government.

The other property, namely the Chancery and Defence Advisor’s residence did not belong to the Government of Zambia, but rather to the Mozambican Government Housing Agency and the Mozambican Defence, respectively. These properties were offered to the Mission gratis in 1975, when the Zambian Mission was established. They remained the property of the Mozambican Government Housing Agency and the Republic of Mozambique.

Committee’s Observations and Recommendations

Your Committee strongly recommends that the Controlling Officer quickly establishes the status of the buildings housing the Chancery and Defence Advisor’s residence and follow up the issuance of title deeds if appropriate. Your Committee awaits a progress report on the matter.

b) Failure to Complete Rehabilitation of the Official Residence at Plot 20 Don Alfonso Henrique Avenue

The Controlling Officer submitted that the bids for the rehabilitation of the official residence were received as reported and an evaluation was conducted, but all the bids were non-responsive. The bids were available for audit verification. The Ministry further engaged the Ministry of Works and Supply for further guidance and hence was awaiting response.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to expedite the process of identifying banks that can finance the rehabilitation programme in the missions. Further, he should liaise with his counterpart
in the Ministry of Works and Supply regarding the rehabilitation programme for this particular property. Your Committee awaits a progress report on the matter.

c) Payment of Rentals in Excess of Entitlement - K440,788 (US$70,250)

The Controlling Officer submitted that his office authorised the Mission to pay the house rentals above the officer’s thresholds after the Mission exhausted all available avenues to find suitable houses within the officer’s entitlements. However, the Ministry had written to the Secretary to the Cabinet for retrospective authority.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that the Controlling Officer authorised the increases without Treasury Authority which is in direct contravention of the Public Finance Act and Financial Regulations. Your Committee is further disappointed that the Controlling Officer has been reluctant to seek retrospective authority by taking over two years to seek this authority. The Controlling Officer is warned to desist from such practices. Your Committee also expresses displeasure at the casual approach exhibited by the Controlling Officer and directs that he vigorously follows up this matter in order to normalise the situation. Your Committee will await a progress report.

MISSION ABROAD – WINDHOEK

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

32. An examination of accounting and other records maintained at the Mission for the period under review, carried out from in March, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Use of Revenue without Authority - K87,460 (US$13,644.32)

The Controlling Officer submitted that the unremitted US$13,644.32 was used for the urgent renovation of the wall fence at the High Commissioner’s Residence. The authority to use revenue to renovate the wall fence was sought as the wall fence had become a hazard to the residents. The Ministry gave the authority on an understanding that the Treasury would fund the Ministry which had not happened yet. The Office of the Auditor General would be informed once the Ministry was funded and the revenue would be refunded.

Committee’s Observations and Recommendations

Your Committee once again expresses disappointment that the office of the Controlling Officer appears to be spearheading financial mismanagement and irregularities by purporting to authorise transactions which are beyond his jurisdiction. Your Committee cautions the Controlling Officer against this practice and calls upon the Secretary to the Treasury to take appropriate action against the Controlling Officer in accordance with the Public Finance Act and Financial Regulations. Your Committee calls for a reimbursement to be effected without undue delay, and will await a progress report on the matter.
b) Failure to Collect Rentals

The Controlling Officer submitted that the Mission had been reminding the tenant of the arrears and had since given the tenant a period in which to settle the arrears, failure to which the Mission would engage a debt collector and any costs incurred would be borne by the Tenant. The Mission had constituted a debt collection team comprising of the Mission Accountant, First Secretary – Political and Administration and First Secretary – Political. The above committee was now spearheading the option of engaging a debt collector.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the debt is collected without further delay. Your Committee also reiterates its earlier recommendation that a debt management policy be put in place. Your Committee awaits a progress report on the matter.

c) Failure to Reimburse Borrowed Funds - K79,188 (US$14,166) Revenue Account and K90,188 (N$154,099) Defence Attaché’s Account

The Controlling Officer submitted that the borrowed funds of US$14,166 were used for the urgent renovation of the wall fence at the High Commissioner’s Residence. The authority to use the revenue to renovate the wall fence was sought as the wall fence had become a hazard to the residents. The Controlling Officer gave the authority on the understanding that the Treasury would fund the Ministry, which had not happened. The borrowed funds would be reimbursed once the Mission was funded.

The Controlling Officer also submitted that the Head of Mission Conference was co-hosted with the Ministry of Finance and the component of tickets and per-diem was to be borne by Ministry of Finance. However, the Ministry of Foreign Affairs would reimburse the Missions upon receiving the funding from Finance.

Committee’s Observations and Recommendations

Your Committee reiterates that the Controlling Officer should not be in the forefront of perpetrating financial irregularities. Your Committee calls upon the Secretary to the Treasury to take appropriate measures against the Controlling Officer for exceeding his jurisdiction. Your Committee further recommends that the reimbursement of the funds be done without undue delay. Your Committee awaits a progress report.

d) Unsupported Payment Vouchers - K52,454 (N$88,534.97)

The Controlling Officer submitted that the payment vouchers were now supported and available for audit verification.

Committee’s Observations and Recommendations

The Controlling Officer is urged by your Committee to ensure that the officers are disciplined for failure to file supporting documents properly. All located supporting documents should be presented for audit verification and your Committee will await a progress report on the matter.

e) State of Mission Properties

i. The Chancery - No. 22 Sam Nujoma /Mandume Ndemufayo Street

The Controlling Officer submitted that a team of experts comprising officers from the Ministry of Foreign Affairs and Ministry of Transport, Works Supply and Communication travelled to the
Mission to carry out an assessment and preparation of bill of quantities in preparation for the rehabilitation of the Mission properties. The assessment report was available for audit verification.

Committee’s Observations and Recommendations

Your Committee awaits a progress report on the rehabilitation of the property.

ii. Official residence - No 1 George Hunter Street, Olympia
The Controlling Officer submitted that the payments made amounting to K22,631 (N$41,780,830) being 50 percent of the contract price, were in accordance with the contract.

Committee’s Observations and Recommendations

Your Committee is disappointed that an advance payment was made to the contractor in the absence of a performance bond, contrary to the Zambia Public Procurement Act. Your Committee further wonders why the Mission paid 50 percent and not the 25 percent specified in the contract. Your Committee therefore, strongly recommends that disciplinary measures be meted out against officers who flouted the law. Your Committee urges the Controlling Officer to ensure that the works are completed without any further delay and your Committee awaits a progress report on the matter.

iii. No. 14 Lydia Street, Ludwigsdorf
The Controlling Officer submitted that the payments of 7,412 (N$12,777.07), being 50 percent of the contract price to Redlum Pools, was in accordance with the contract agreement.

Committee’s Observations and Recommendations

Your Committee is disappointed at the blatant disregard of Zambia Public Procurement Act exhibited at this Mission. Your Committee is also displeased that payments were made without certification. Your Committee strongly recommends that disciplinary action be taken against all the erring officers for these lapses. Your Committee will await a progress report on the matter.

iv. No. 9 Schwerinburg, Luxury hill
The Controlling Officer submitted that in order to protect the house from further vandalism, the maid and the chef had been assigned to occupy the house. Further, the Mission had engaged a security firm to guard the premises. He added that the ones who vandalised the house were known and lived in the neighbourhood.

Committee’s Observations and Recommendations

Your Committee urges the controlling Officer to ensure that the matter is reported to the local Police in order to allow the law to take its course. Your Committee resolves to await a progress report on the matter.

vi. No. 120 Mose Tjitendero Street, Olympia
The Controlling Officer submitted that a team of experts comprising the officers from the Ministry of Foreign Affairs and Ministry of Works and Supply travelled to carry out assessment and preparation of bill of quantities for the rehabilitation of the above mentioned properties of the Zambian Government. He also added that the broken ceiling board had since been repaired and the blocked water drainage system had since been unblocked. In addition, the wall tiles were removed in order to carry out repairs for the water pipes which were leaking in the wall.
The broken pipes had since been repaired and the tiles were bought to cover the affected area after verifying that the pipes were no longer leaking.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

MISSION ABROAD – BRUSSELS

AUDIT QUERY

PARAGRAPH 33

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

33. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried in April, 2015, revealed weaknesses in Internal Controls, to which the Controlling Officer responded as set out below.

a) Failure to Open Locked Safes

The Controlling Officer submitted that he had since written to Ministry of Finance to make arrangements to open the safes. He explained that all the locks had been opened except one.

Committee’s Observations and Recommendations

Your Committee observes with concern that such lapses may result in loss of accountable documents as a result of the unsecure environment. The Controlling Officer is urged to ensure that internal controls are enhanced, including safeguarding the keys for the safes to avoid recurrence.

b) Lack of Monitoring

The Controlling Officer submitted that at the end of each year, the Mission prepared and submitted an annual report indicating its performance against the targets set in the year under review. Additionally, the Mission submitted monthly Administration, Political and Economic Reports as monitoring tool. These reports reflected the activities in the various departments. However, the Ministry took note of the recommendation and would endeavour to ensure that progress reports were prepared regularly to monitor the Mission’s activities.

Committee’s Observations and Recommendations

Your Committee closes the matter.

c) Irregular Payment of Child and Education Allowances - K4,517 (€549.78) and - K3,566 (€434.03), Respectively

The Controlling Officer submitted that the Ministry regretted the overpayment of education allowance, but recoveries had been effected against the Ambassador’s Foreign Service allowances.

Committee’s Observations and Recommendations

Your Committee strongly recommends that disciplinary action be taken against all the officers who were responsible for the irregular payments. Further, your Committee urges the Controlling Officer to
ensure that internal controls are enhanced and that all recoveries are verified by the Auditor General. Your Committee awaits a progress report on the matter.

d) **Lack of Diplomatic Clause**

The Controlling Officer submitted that the Mission in Brussels had challenges with regard to renting of accommodation for the diplomatic staff as most landlords were showing reluctance to rent out their houses to African embassies. Although the Foreign Service Regulations required that a diplomatic clause be inserted into the lease agreement, the landlords were not agreeable to inserting this clause in their lease agreements. In this regard, therefore, the Mission would pursue the matter with the Belgian Ministry of Foreign Affairs in order to seek guidance on the way forward.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable that some European countries still discriminate against Africans. Your Committee urges the Controlling Officer to ensure that the matter is settled with his counterpart, the Permanent Secretary of the Ministry of Foreign Affairs in Brussels. He is further urged to ensure that the matter is brought to the attention of the Minister of Foreign Affairs in Zambia. Your Committee awaits a progress report on the matter.

e) **Renovation of Vacated Houses**

The Controlling Officer submitted that the recovery of the repair costs incurred in respect of the house occupied by the Former First Secretary (Economics) was effected in October, 2015, whilst the repair costs related to the house occupied by the Former First Secretary (Accounts), a letter was written to Payroll Management and Establishment Control (PEMC) requesting them to effect recoveries directly from the payroll because the officer was transferred to the Ministry of Tourism.

**Committee’s Observations and Recommendations**

Your Committee recommends that evidence of recoveries be presented for audit and awaits a progress report on the matter.

f) **Irregular Insurance of Rented Accommodation**

The Controlling Officer submitted that the amount in question was recovered from the officer’s Foreign Service Allowances in April, 2015.

**Committee’s Observations and Recommendations**

The matter is recommended for closure subject to audit verification.

g) **Unauthorised Trips**

The Controlling Officer confirmed that the Ambassador undertook the trip to the Netherlands without Authority and she had since been cautioned.

**Committee’s Observations and Recommendations**

Your Committee notes with concern that an officer could undertake a trip without authority. Your Committee calls for disciplinary action to be taken against the officer in accordance with the Foreign Service Regulations. In the same vein, your Committee urges the Controlling Officer to ensure that the amount paid is recovered since the trip was not authorised. Your Committee awaits a progress report on the matter.
h) Property Management

i) Rentals Paid for the Rented Property - K463,235 (€54,601.79), and

ii. Rehabilitation of the Residence

The Controlling Officer submitted that the works were supervised by a Consultant, who was selected through a competitive process as was directed by the Permanent Secretary. The selection was done by a team of experts who were sent from Zambia from the Ministry of Transport, Works, Supply and Communication. The Ambassador then signed a contract on behalf of the Ministry based on the advice she got from the team of experts that was sent.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that works are completed expeditiously to reduce the alarming cost incurred on rentals and your Committee awaits a progress report on the matter.

MISSION ABROAD – LUANDA

AUDIT QUERY

PARAGRAPH 34

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

34. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Unaccounted for Visa Fee Collections

The Controlling Officer submitted that all the revenue collected for the period under review was accounted for. Reconciliations from March to December, 2013, was available for audit verification.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that erring officers are disciplined for failure to avail documents to the auditors during the time of audit. Further, all documents relating to the reconciliation should be presented for audit verification. Your Committee awaits a progress report on the matter.

b) Delayed Banking of Revenue

The Controlling Officer submitted that the Missions Abroad had been advised to put in place measures such as advising applicants for visas and other services to make payments at the banks and submit the copy of the deposit slip to accounts for onward processing for the required services.

Committee's Observations and Recommendations

Your Committee recommends that all evidence of the banking of the revenue be availed for audit verification. Further, your Committee urges the Controlling Officer to ensure that the erring officers are disciplined for this failure. Your Committee will await a progress report on the matter.
c) **High Cost of Rented Properties - K7,345,712 (US$1,225,405)**

The Controlling Officer submitted that following a Cabinet decision, the Ministry was working in collaboration with the Ministry of Finance to allow Missions to obtain mortgages to procure properties in Missions.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to expedite the implementation of the plan to procure properties for the Luanda Mission to save the Government from further huge expenditure due to high cost on rentals. Your Committee requests a progress report on the matter.

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**MISSION ABROAD - GENEVA**

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**Accounting and Other Irregularities**

35. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried in April, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) **Failure to Apply for a Supplementary Provisional Warrant**

The Controlling Officer submitted that the authority to retain funds from 2013, was obtained and granted by the Secretary to the Treasury. Authority to retain funds for the Revenue and Revolving fund accounts respectively was not required.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

b) **Overpayment of Foreign Service Allowances - K1,019,857 (CHF171,932)**

The Controlling Officer submitted that the Ambassador - Permanent Representative had since been cautioned and instructed to stop the prevailing situation. The Mission had since been advised to use the prevailing exchange rate.

**Committee’s Observations and Recommendations**

Your Committee strongly recommends that disciplinary action be taken against all the erring officers in this matter. Further, your Committee urges the Controlling Officer to ensure that recoveries are instituted on the officers without any further delay. Your Committee resolves to await a progress report.

c) **Failure to Fill Vacant Positions**

The Controlling Officer submitted that the two vacant diplomatic positions of Counsellor (Legal and Social) and First Secretary (Political and Administration) had been filled, leaving two vacant positions of First Secretary (Legal) and Counsellor (Economics and Trade). The Ministry was, therefore, making arrangements to fill in the remaining vacant positions within 2016.
Committee’s Observations and Recommendations

Your Committee observes with concern that such an important Mission has been left to operate without certain key staff. Your Committee urges the Controlling Officer to ensure that the remaining positions are filled without any further delay. Your Committee awaits a progress report on the matter.

d) Stores without Receipt and Disposal Details - K42,823 (CHF 8,578.40)

The Controlling Officer submitted that the Mission had since been cautioned against flouting of stores and procurement regulations.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the documents are found and availed to the auditors without any further delay and to take disciplinary action against all officers responsible for this lapse. Your Committee awaits a progress report on the matter.

e) Rental bills for the Chancery and Apartments for Diplomats

The Controlling Officer submitted that due to the high cost of living, the Ministry sought authority from the Secretary to the Cabinet to increase the rental threshold for the Missions. Further, he stated that following a Cabinet decision to allow Missions to obtain mortgages for procurement of properties in Missions Abroad, the Ministry was working in collaboration with the Ministry of Finance to allow Missions to obtain mortgages. Authority for mortgage finance was available for verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to vigorously pursue the expeditious implementation of the plan in order to save the Government from further loss due to high costs on rentals. Your Committee awaits a progress report on the matter.

f) Wasteful Expenditure of Rentals - First Secretary - Trade - K85,733 (CHF12,003) (US$12,247.50)

The Controlling Officer submitted that the Mission management had been requested to show cause as to why disciplinary action should not be taken against them.

Committee’s Observations and Recommendations

Your Committee recommends that disciplinary action should be taken against all the erring officers and that recoveries of the wasteful expenditure be recovered from the officers responsible. Your Committee awaits a progress report on the matter.

g) Rented Apartments

i. Failure to Recover Security Deposit and Insurance - K693,453 (CHF98,850) (US$109,836) and K9,087 (CHF1,295.30) (US$1,437.78)

The Controlling Officer submitted that payment of insurance for diplomats’ apartments as well as the chancery was as per tenancy agreement signed by the Mission. This was the requirement by law in Geneva. The Mission being the tenant was required to enter into agreement with the Insurance Company to cover damages and repairs that were due to normal wear and tear which would have been paid by Government. The Ministry acknowledged Foreign Service Regulation
number 108 in case of damages to Government property or accommodation caused by an officer’s carelessness, he or she must pay the total cost of repair. The Mission had taken note of this requirement and insurance companies did cover the cost of repairs that arose as the result of an officer’s negligence. Due to erratic funding from the Treasury, a decision was made to only pay for insurance for the Residence and the Chancery, as these two buildings contained property belonging to the Government while officers paid for their own property insurance.

Committee’s Observations and Recommendations

Your Committee is concerned that the Controlling Officer in his response did not seem to be addressing the question of recovery of security deposit. Nevertheless, your Committee urges the Controlling Officer to ensure that the recoveries are made from the six concerned officers without further delay. Your Committee awaits a progress report on the matter.

ii. Irregular Transfer of Funds
The Controlling Officer agreed that a lot of public funds had been lost through payment of rent guarantees and other repair costs. It should further be noted that all Missions Abroad were required to carry out inspections of inventory with the landlord and agree on the general state and condition of the apartment both prior to entering the property and before officers vacated the property. In this case, however, the Landlord was dishonest by requesting the bank to release the rent guarantee without the Mission’s consent. The Mission was at the moment seeking legal advice from the insurance contact officer who worked for the insurance company that insured the Chancery and the Residence.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to consider reporting the matter to the police as the money was obtained fraudulently by the landlord. Your Committee resolves to await a progress report.

h) Outstanding Debts - Former First Secretary (Accounts)

The Controlling Officer submitted that the Former First Secretary (Accounts) had been written to informing him of the outstanding bills incurred.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the amount is recovered from the officer without any further delay. Your Committee awaits a progress report on the matter.

MISSION ABROAD - PRETORIA

AUDIT QUERY
PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

36. An examination of accounting and other related records maintained at the Ministry Headquarters and Regional offices carried out in August, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.
Questionable Payment of Education Allowances - K58,847 (US$9,326)

The Controlling Officer submitted that the Education Allowances were paid according to the information provided by an officer on the Vital Statistics Form. This was updated when need arose, but mainly on a quarterly basis. This allowed the Accountant to monitor the changes in entitlements for all staff and take necessary and appropriate action accordingly. At the time of the audit, the allowances paid to the officers were done as per the latest information.

Committee’s Observations and Recommendations

Your Committee directs the Controlling Officer to ensure that details are availed to the auditors for scrutiny and to institute disciplinary measures against the officers who failed to provide this information to the auditors. Your Committee awaits a progress report.

MISSION ABROAD – OTTAWA

AUDIT QUERY

| PROGRAMMES | Various |
| ACTIVITIES | Various |

Accounting and Other Irregularities

37. An examination of the accounting and other records maintained at the Ministry Headquarters and the Mission carried out in March, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Lack of Basis for Medical Claims - K79,750 (C$12,247.07) and - K62,776 (C$11,831.60)

The Controlling Officer submitted that the Mission made no claims from the insurance company (Hooper Manulife Financial) despite having paid for insurance cover. He reported that upon enquiry on the reason the claims could not be made, it was observed that the Mission did not understand some restrictive enhancement options which were imbedded in the policy to enable the Mission make claims. Arising from this experience, in January, 2015, the Mission decided to change the insurance company to one which had good and clear enhancement options.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that the Mission procured policies from the insurance company without understanding their contents. Your Committee urges the Controlling Officer to ensure that the officers responsible are sternly cautioned for causing such huge losses as a result of unclaimed medical expenses. He is also urged to ensure that in future, the Mission consults widely with insurance and legal experts at the Ministry to avoid a recurrence. Your Committee awaits a progress report on the matter.

c) Unaccounted for Stores and Fuel - K386,991 (C$72,264.10)

The Controlling Officer submitted that the Mission had been strongly advised to ensure that the necessary documents were maintained and updated as per procurement and stores regulations.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all the documents are located without any further delay and submitted for audit verification. Your Committee awaits a progress report on the matter.
MISSION ABROAD - ACCRA

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

38. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Revenue Collections (Undercollection of K24,916) (US$2,870)

The Controlling Officer submitted that the undercollection of revenue at the Mission was attributed to reduction in the number of visa applicants coming to Zambia. The Mission was urged to ensure that it enhanced its efforts to advertise the country to attract more visa application from Ghana.

Committee’s Observations and Recommendations

Your Committee notes the submission and closes the matter.

b) Failure to Fill Vacant Posts

The Controlling Officer submitted that the Ministry was in the process of identifying a suitable candidate to fill the vacant position for First Secretary (Economics and Trade).

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.

c) Wasteful Expenditure – Rental Payments - K563,040 (US$72,000)

The Controlling Officer acknowledged the concerns and recommendations of the auditors. However, he explained that the rentals for the Residence were paid two years in advance as per tenancy agreement. Further, he stated that even if the premises were not occupied by the Head of Mission, the Mission was obliged to pay for the Residence to secure the household goods belonging to the Government of the Republic of Zambia and in preparation for the incoming new Head of Mission. He added that the Mission had been cautioned for failure to include a diplomatic clause in the Tenancy Agreement.

Committee’s Observations and Recommendations

Your Committee is disappointed that the Mission failed to provide this explanation to the auditors at the time of the audit. Further, as a long term measure, your Committee strongly recommends that the Government should plan and acquire its own property to accommodate the Residence of the Head of Mission in order to avoid such losses of public funds. Your Committee resolves to await a progress report on the matter.

d) Failure to follow Procurement Procedures

The Controlling Officer regretted the failure by the Mission to follow procurement procedures as observed by the Auditor General’s Report. He, however, explained as follows:
i. in the procurement of transportation services amounting to K94,254 ($17,486.77) for the First Secretary (Political and Administration) to Abuja where he had been appointed as Deputy High Commissioner, authority was granted by the Ministerial Tender Committee since the amount was above the High Commissioner and Mission subcommittee’s thresholds;

ii. in the procurement of a generator amounting K79,932 ($14,666), the High Commission had since been cautioned for failure to follow procurement procedures; and

iii. in the procurement of transportation services amounting K244,507 ($45,211.99) for the Deputy High Commissioner to Lusaka on recall, authority was granted from the Ministerial Tender Committee since the amount was above the High Commissioner and Mission sub-committee’s thresholds.

The Controlling Officer further submitted that he had since cautioned the Mission against abrogating the laid down procurement procedures. In addition, guidelines had since been sent to the Missions reminding them to adhere to the laid down procedures.

**Committee’s Observations and Recommendations**

Your Committee observes with concern that there is serious abrogation of procurement procedures at this Mission and it is not clear why there is often a rush in the procurement of works undertaken at this Mission. Your Committee urges the Controlling Officer to ensure that the erring officers are disciplined in accordance with the Public Finance Act and the Financial Regulations. Your Committee awaits a progress report on the matter.

e) **Unaccounted for Stores - K39,057 (US$6,745.64)**

The Controlling Officer submitted that the Mission had been cautioned for failure to follow stores regulations and procedures and had been directed to ensure that relevant details of all items procured were entered in relevant books.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against all the erring officers and to ensure that stores records are availed to the auditors for verification without any further delay. Your Committee awaits a progress report on the matter.

f) **High Costs on Rented Properties - K5,850,900 (US$975,150)**

The Controlling Officer submitted that the Ministry had been aware of the colossal amounts of money being spent on offices and residential accommodation for diplomatic staff. In this regard, the Ministry had begun working on the modalities to facilitate purchase and construction of properties in the Missions. The Government had since approved mortgage financing in Missions Abroad, and the Ministry was working in collaboration with the Ministry of Finance to facilitate Missions to obtain mortgage financing to procure properties at the Mission.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the plan to purchase or construct properties for Missions Abroad is implemented to save the Government from further loss of funds due to high costs on rentals. Your Committee resolves to close the matter.
g) **Inventory not Inscribed with GRZ Identification Marks - K15,865 (US$2,822.27)**

The Controlling Officer submitted that the inscription of GRZ properties was the responsibility of the Ministry of Works and Supply, the Ministry of Foreign Affairs had since written to the Ministry of Works and Supply requesting that Ministry to carry out the inscription. However, in order to safeguard Government property, all properties at the Mission were now marked with GRZ marks.

**Committee's Observations and Recommendations**

Your Committee resolves to await a progress report on the matter.

**MISSION ABROAD - KUALA LUMPUR**

**AUDIT QUERY**

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**Accounting and Other Irregularities**

39. An examination of accounting and other records carried out in March, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) **Unfilled Diplomatic Position**

The Controlling Officer submitted that the vacant position had since been filled.

**Committee’s Observations and Recommendations**

The matter is recommended for closure subject to audit verification.

b) **Delayed Banking - K26,645 (US$4,734.76)**

The Controlling Officer submitted that he had directed all Missions Abroad to ensure that applicants for visas and other services made payments at the banks and merely submitted the copies of the deposit slips to the Accounts Department in order to access the required services. In addition, the Mission had been cautioned on this matter.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against the officer(s) who failed to bank revenue in accordance with the provisions of the Financial Regulations. Your Committee also directs that all documents relating to the banking of the revenue is presented to the Auditor General for verification. Your Committee will await a progress report on the matter.

c) **Failure to Recover Excess Clearing Charges on Unaccompanied Luggage - K9,472 (US$1,507)**

The Controlling Officer submitted that out of the 800kg transported luggage, 320kg related to tourism materials such as artefacts which were being transported at Government's cost, whilst 480kg was the officer’s entitlement. As a result, the full cost of unaccompanied luggage was paid by the Government.
Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

d) Failure to Sign a Formal Agreement - Contracting of Security Services

The Controlling Officer submitted that the Mission had been advised to ensure that all contracts for services and goods were formally agreed upon.

Committee’s Observations and Recommendations

Your Committee is disappointed that the Controlling Officer in his response, does not even attempt to explain why there was no formal contract for security services. In this vein, your Committee strongly recommends that disciplinary action be taken against the officers who authorised the payments in the absence of a formal contract. Your Committee will await a progress report on the matter.

e) Failure to Recover Repair Costs - K2,045 ($380)

The Controlling Officer submitted that the Mission was unable to recover the repair cost for the damage to the representation vehicle from the former High Commissioner because no responsibility was taken for the damages by the High Commissioner. Further, the Ministry was unable to charge the High Commissioner since the matter was raised by the auditors after the demise of the High Commissioner.

Committee's Observations and Recommendations

Your Committee expresses dismay at the fact that the Controlling Officer did not take action to recover the repair cost in a timely manner, hence the current state of affairs. Your Committee strongly advises the Controlling Officer to enhance supervision of Missions Abroad and to be proactive in resolving such irregularities in a timely manner. Your Committee directs the Controlling Officer to issue a Casualty Form to recover the cost from the terminal benefits of the former High Commissioner if these have not yet been paid. Your Committee will await a progress report on the matter.

f) Failure to Recover Advances from Recalled Officers - K150,373.89 (US$29,624.76)

The Controlling Officer submitted that the recovery of the advances in question was effected in October, 2013.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

MINISTRY OF LOCAL GOVERNMENT AND HOUSING

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

40. An examination of accounting and other records maintained at the Ministry Headquarters and visits to selected projects carried out in August, 2015, revealed various weaknesses to which the Controlling
The Controlling Officer submitted to your Committee that the query arose because some suppliers and contractors who were paid through the electronic funds transfer system did not issue the Ministry with receipts upon receiving their payments electronically. This system had eliminated the physical exchange of payments and issuance of receipts between the Ministry and its suppliers and, therefore, it was dependent on the recipient of funds to acknowledge receipt through the timely issuance of a receipt. He also reported that all the invoices and receipts were received and attached to the payment vouchers and that the documents had since been verified. The matter was being addressed through sensitisation of suppliers and contractors on the need to urgently and timely issue receipts once payments had reflected in their bank accounts. Further, the Ministry had put in place an effective follow up mechanism to regularly identify and pursue recipients failing to issue the receipts timely.

Committee’s Observations and Recommendations

Your Committee is concerned at the delay by the Ministry to obtain receipts. Your Committee is of the view that officers charged with the responsibility of bank reconciliations are not carrying out their duties as expected. In this regard, your Committee urges the Controlling Officer to ensure that the erring officers are disciplined for this failure to perform their duties in line with the Financial Regulations. Your Committee further emphasises that henceforth, the Ministry should follow up all suppliers and ensure that receipts are signed promptly to avoid such queries. Your Committee resolves to await a progress report on the matter.

The Controlling Officer submitted to your Committee that the query arose because the retirement details for the imprest obtained were filed in separate box files and not attached to the payment vouchers and hence could not be audited. He added that most of the retirement details had been retrieved and were available for verification.

Committee’s Observations and Recommendations

Your Committee directs that the available retirement details be presented to the Auditor General’s office for verification. Further, your Committee calls for disciplinary action to be taken against the officers who failed to file the documents properly and that all the outstanding retirement details be located and submitted for verification. Your Committee will await a progress report on the matter.

The Controlling Officer submitted that the query arose because the reports were not filed together with the payment vouchers and hence could not be reviewed during the audit. He, however, reported that all the reports were currently available for verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to take disciplinary action against all the officers who failed to present the activity reports for audit scrutiny, after which the matter is recommended for closure subject to audit verification.
d) Unaccounted for Stores - K283,371 (General Stores - K142,175 and Fuel - K141,196)

The Controlling Officer submitted that the query arose because there was a poor filing system where each department was allowed to maintain separate fuel accounts. The Controlling Officer, however, confirmed that all receipt and disposal details had now been attached and were ready for verification. He also added that the Stores Office had been strengthened with the recruitment of a qualified Stores Officer who would oversee operations and ensure accountability of all stores items.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to take disciplinary action against all the erring officers in this matter and submit all relevant documents to the Auditor General for verification. Your Committee will await a progress report on the matter.

e) Water Supply and Sanitation Projects

- Rehabilitation and Expansion of Chinsali Water Supply and Sanitation Infrastructure in Chinsali District
  
The Controlling Officer submitted that the variation was duly approved and the variation order, request and justification were available for audit verification. The variation arose due to change in scope from construction of a weir at Lubu Dam to construction of an earth dam which would impound more water in order to meet the future water demands as a result of the massive infrastructure development following declaration of Chinsali as a Provincial Headquarters. The project was envisaged to be completed by 30th November, 2015. However, an extension of up to 30th June, 2016, had been granted. The other reason for the delay was the delay in procurement of prepaid meters. However, the contractor was also penalised for the delays. The following was the status of works: the pump house at Lubu and Boma Water Treatment Plants had been completed; the clear Water Tanks for both Boma and Lubu Water Treatment plants had been completed; construction of the District Office was at 95 percent completion; and the construction of operators' houses had reached 95 percent completion.

Committee’s Observations and Recommendations

Your Committee expresses concern that the engineers involved in these processes approved a design which necessitated some unbudgeted for variations to the original contract. Your Committee is also concerned with the non availability of approvals for the variations and variation order requests during the time of the audit, as they only resurfaced after the audit. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against all the erring officers in this matter, and ensure that the remaining works are completed expeditiously. Your Committee also directs that evidence of the penalties imposed against the contractor should be submitted to the Auditor General for verification. Your Committee awaits a progress report on the matter.

- Network Expansion of Mufumbwe Water Supply System in Mufumbwe District
  
The Controlling Officer submitted that the as at November, 2015, the contractor had finished constructing the distribution network and was testing and disinfecting the network. The Controlling Officer added that the works were started and so far 300 households were completed, while the other 300 households were yet to be connected.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the works are completed expeditiously. Your Committee requests the Auditor General to verify the submission. Your Committee further resolves to await a progress report on the matter.
Rehabilitation and Expansion of Isoka Water Supply System in Isoka District

The Controlling Officer submitted that the major cause of the delay was the delay in the release of funds to pay the contractor, which affected the contractor’s cash flow. However, the contractor had recorded improvements in execution of the works following release of some payments: the fence had since been installed and construction of guard house and water borne toilet had been completed; repair of sewer ponds and chambers; removing of old sewer pipes and replacing them with new PVC pipes was 98 percent complete while all the works at Chuwi plant were 100 percent complete and the plant had been in operation for over three months.

Committee’s Observations and Recommendations

Your Committee urges the Secretary to the Treasury to consider prioritising this project in terms of financing in order to avert further delay in completion of the works. Your Committee also urges the Controlling Officer to vigorously pursue the completion of the project and submit all relevant documentation for verification. Your Committee will await a progress report on the matter.

Markets and Bus Stations

Construction of a Bus Station in Mpika District

The Controlling Officer submitted that the delay was due to lack of detailed roof designs which the client was supposed to give to the contractor. However, the client could not give the contractor the new design due to the demise of the design engineer and the Ministry had to engage another design engineer, which process took long and delayed the works. The new design engineer had since submitted the new design and it was given to the contractor on 16th February, 2016. The Ministry was now waiting for a quotation from the contractor for consideration.

Committee’s Observations and Recommendations

Your Committee expresses concern as to why, in the absence of the design, the Ministry arrived at the cost of the project. Your Committee urges the Controlling Officer to ensure that the cost for lost time is imposed on the late engineer’s company as it was not the Ministry's fault. Your Committee awaits a progress report on the matter.

Construction of a Bus Station in Chinsali District

The Controlling Officer submitted that the delay was due to lack of detailed roof designs which the Ministry was supposed to give to the contractor. However, the Ministry could not give the contractor the new design due to the demise of the design engineer and the Ministry had to engage another design engineer, which process took long and delayed the works. The new design engineer had since submitted the new design, the contractor has been communicated to, but was yet to collect the designs for purposes of preparing a quotation.

Committee’s Observations and Recommendations

Your Committee expresses concern on how the Ministry came up with a project cost in the absence of the design. Your Committee urges the Controlling Officer to ensure that the cost for lost time is imposed on Trad Consult Limited as it was not the Ministry's fault. Your Committee awaits a progress report on the matter.

Construction of Modern Market in Mpika District

The Controlling Officer submitted that the clause on liquidated damages could not be invoked because the reported delays were caused by the client and not the contractor. The Ministry delayed to make initial payments for mobilisation and subsequent Interim Payment Certificates
because of late or none release of funds by the Treasury. The contractor was advised to leave only skeleton staff for security purposes in order to save on time related costs. Documentation was available for verification.

Committee’s Observations and Recommendations

Your Committee urges the Secretary to the Treasury to consider prioritising the release of funds for the completion of this project. Your Committee also urges the Controlling Officer to ensure that the remaining works are expeditiously completed. Your Committee resolves to await a progress report on the matter.

- Construction of Modern Market and Bus Station in Sinazongwe District
  The Controlling Officer submitted that the delay was due to lack of detailed roof designs and failure to timely secure the land. Therefore, liquidated damages could not be instituted because the cause of the delay was the client. The Ministry reported that Sinazongwe District Council had now secured land for the Bus Station and works were progressing.

Committee’s Observations and Recommendations

Your Committee expresses concern how the Ministry was able to come up with a project cost in the absence of the design. Your Committee further urges the Controlling Officer to ensure that there are no unnecessary delays in the project henceforth. Your Committee awaits a progress report on the matter.

- Construction of an Ablution Block at Mambwe Council Market
  The Controlling Officer submitted that the works had since been completed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

- Construction of Ten Medium Cost Houses in Ikelenge District
  The Controlling Officer informed your Committee that the delays were caused by the late release of funds from the Treasury. Therefore, the Ministry could not claim damages from the contractor as the delays were not caused by him.

Committee’s Observations and Recommendations

Your Committee urges the Secretary to the Treasury to consider prioritising funding to this project to avoid further delay in completion. Your Committee also urges the Controlling Officer to ensure that the remaining works are expeditiously completed. Your Committee resolves to await a progress report on the matter.

- Construction of Ten Medium Cost Houses in Mwansabombwe District
  The Controlling Officer submitted that the delays were caused by the late release of funds from the Treasury. Therefore, damages could not be claimed from the contractor as the delays were not occasioned by him. However, the houses had since been completed and commissioned.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.
• **Construction of Ten Medium Cost Houses in Sinda District**
  The Controlling Officer submitted that the delays were caused by late release of funds from the Treasury. Therefore, damages could not be claimed from the contractor as the delay was not on his account. He added that the contractor was currently on site and works were progressing well.

  **Committee’s Observations and Recommendations**

  Your Committee urges the Secretary to the Treasury to prioritise this project in order to avert further delay in the completion of the works. Your Committee also urges the Controlling Officer to ensure that the remaining works are completed expeditiously and resolves to await a progress report on the matter.

• **Construction of Ten Medium Cost Houses in Chembe District**
  The Controlling Officer informed your Committee that the delays were caused by the late release of funds from the Treasury. Therefore, damages could not be claimed as the cause of the delay was the Ministry. However, he reported that the houses had since been completed and commissioned.

  **Committee’s Observations and Recommendations**

  Your Committee recommends the matter for closure subject to audit verification.

• **Construction of Ten Medium Cost Houses in Nsama District**
  The Controlling Officer submitted that the delays were caused by the late release of funds from the Treasury. Therefore, damages could not be claimed against the contractor as the delay was occasioned by the Ministry. However, he reported that the houses had since been completed and commissioned.

  **Committee’s Observations and Recommendations**

  Your Committee recommends the matter for closure subject to audit verification.

• **Construction of Ten Medium Cost Houses in Rufunsa District**
  The Controlling Officer reported that the delays were caused by the late release of funds from the Treasury. Therefore, the Ministry could not claim damages against the contractor as the delay was occasioned by the Ministry. However, the contractor was now on site and works were progressing well.

  **Committee’s Observations and Recommendations**

  Your Committee urges the Secretary to the Treasury to prioritise funding to this project in order to avert further delay in completion of the works. Your Committee also urges him to ensure that works are completed expeditiously. Your Committee resolves to await a progress report on the matter.

• **Construction of Ten Medium Cost House in Chipili District**
  The Controlling Officer submitted that the delays were caused by the late release of funds from the Treasury. Therefore, the Ministry could not claim damages against the contractor as the delay was occasioned by the Ministry. However, the contractor was now on site and works were progressing well.
Committee’s Observations and Recommendations

Your Committee urges the Secretary to the Treasury to prioritise funding to this project so that the works can be expeditiously completed. Your Committee also urges the Controlling Officer to ensure that works are completed without undue delay. Your Committee resolves to await a progress report on the matter.

• Construction of Ten Medium Cost Houses in Chikankanta District
The Controlling Officer submitted that the delays were caused by the late release of funds from the Treasury. Therefore, damages could not be claimed against the contractor as the delay was occasioned by the Ministry. However, the contractor was now on site and works were progressing well.

Committee’s Observations and Recommendations

Your Committee urges the Secretary to the Treasury to prioritise funding to this project in order to avert further delay. Your Committee urges the Controlling Officer to ensure that the works are completed without further delay. Your Committee will await a progress report on the matter.

• Construction of Ten Medium Cost Houses in Pemba District
The Controlling Officer submitted that the delays were caused by the late release of funds from the Treasury. Therefore, the Ministry was not entitled to claim damages against the contractor as he was not responsible for the delay. The Controlling Officer added that the contractor was now on site and works were progressing well.

Committee’s Observations and Recommendations

Your Committee urges the Secretary to the Treasury to prioritise funding to this project in terms of funding in order to avert any further delay. Your Committee urges the Controlling Officer to closely supervise the project so that there is no undue delay. Your Committee resolves to await a progress report on the matter.

• Construction of TenMedium Cost Houses in Zimba District
The Controlling Officer submitted that the delays were caused by the late release of funds from the Treasury. The Ministry could not claim damages as the delays were not occasioned by the contractor. The Controlling Officer submitted that the contractor was now on site and works were progressing well.

Committee’s Observations and Recommendations

Your Committee urges the Secretary to the Treasury to prioritise funding to this project so that it can be completed. Your Committee also urges the Controlling Officer to ensure that the works are completed without further delay. Your Committee will await a progress report on the matter.

• Construction of Twenty Medium Cost Houses in Lunga District
Delayed Completion of Work
The Controlling Officer submitted that the delay was due to abandonment of the works by the contractor. However, the amount of works executed was more than the amount paid to the contractor. He also added that the contract was yet to be terminated and the contractor had been reported to National Council for Construction (NCC) and Zambia Public Procurement Authority (ZPPA) for appropriate action. Documentation to this effect was available for verification.
Committee’s Observations and Recommendations

Your Committee finds it unacceptable that the contractor whose capacity is questionable was awarded such a huge contract. Your Committee further observes with concern that the contract which is availed to your Committee during the meeting is signed by the subcontractor and the purported contractor only signed as a witness on it. Since circumstances under which this contract was awarded is highly questionable, the Controlling Officer is urged to ensure that the matter is reported to the law enforcement agencies without any further delay. Your Committee awaits a progress on the matter.

Fire Services

• Construction of sub-fire station at Bonaventure in Lusaka District
  The Controlling Officer informed your Committee that land was properly identified, but injunctions were obtained by individuals with land titles, not known to Lusaka City Council, on both pieces of land when the contractor had already mobilised.

Committee’s Observations and Recommendations

Your Committee finds it highly irregular that the Ministry could pay the contractor an amount before securing land meant for construction. Your Committee, therefore, urges the Controlling Officer to initiate administrative inquiries into the matter in order to ascertain if there was any financial impropriety by the officers who were involved in the transaction. Your Committee awaits a progress report on the action to be taken and also on the completion of the project.

• Construction of Sub-fire station at Chilenje in Lusaka District
  The Controlling Officer submitted to your Committee that the delay was caused by the need to change the design as the initial one was found insufficient in terms of structural detail. Revised designs had since been issued and works were on-going.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the works are completed expeditiously and that all officers who contributed to the initial delay in the project are disciplined. Your Committee resolves to await a progress report on the matter.

• Construction of Sub-fire Station at Chelstone, in Lusaka District
  The Controlling Officer submitted that the delay was caused by the need to change the design as the initial one was found insufficient in terms of structural detail. Revised designs had since been issued and works were on-going.

Committee’s Observations and Recommendations

Your Committee urges the controlling Officer to ensure that the works are completed expeditiously and that all officers who were responsible for the delay are disciplined. Your Committee resolves to await a progress report on the matter.
MINISTRY OF INFORMATION AND BROADCASTING SERVICES

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

41. An examination of accounting and other records maintained at the Ministry headquarters and a visit to selected districts in September, 2015, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Misapplication of Funds - K1,200,017.09

The Controlling Officer submitted that the Ministry faced serious financial challenges as a lot of its critical programmes and activities were not funded. However, the Controlling Officer sought authority to vary funds, since the activities paid for were within the same programmes. After further probing by your Committee, the Controlling Officer submitted that it was an oversight on his part to have sought Treasury Authority as the activities were within the same programme and hence he promised to regularise the transaction by ensuring that he issued authority from his office to the spending directorate.

Committee’s Observations and Recommendations

Your Committee strongly advises the Controlling Officer to familiarise himself with the Financial Regulations and various financial management procedures. Your Committee directs that the transaction be regularised without any further delay. Your Committee awaits a progress report on the matter.

b) Unsupported Payments - K114,000

The Controlling Officer informed your Committee that all the supporting documents were now available for audit verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all the officers who failed to secure and avail supporting documents to the auditors are disciplined. Further, the Controlling Officer is directed to ensure that all the supporting documents are presented to the Auditor General for verification. Your Committee awaits a progress report on the matter.

c) Unaccounted for Stores - K481,910 (General Stores K66,954 and Fuel K414,956)

The Controlling Officer submitted to your Committee that unaccounted for stores of (K66,954) and fuel (K414,956) had since been fully accounted for with receipt and disposal details available for verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to take disciplinary action against the erring officers for failure to adhere to Public Stores Regulation Number 16. Your Committee further directs that all receipt and disposal details be presented to the Auditor General for verification. Your Committee awaits a progress report on the matter.
d) Failure to Insure Government Property

The Controlling Officer submitted that the Ministry had no budget provision for insurance of assets apart from motor vehicles during the period under review. The Ministry had since included other assets on its schedule of assets that would be insured in the financial year 2016.

Committee’s Observations and Recommendations

Your Committee expresses concern that the Ministry failed to insure public assets, contrary to Government policy. The Controlling Officer is cautioned against such practices and is urged to ensure that all assets are insured without any further delay. Your Committee awaits a progress report on the matter.

MINISTRY OF LOCAL GOVERNMENT AND HOUSING

AUDIT QUERY

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Accounting and Other Irregularities

42. An examination of accounting and other records carried out at the Ministry Headquarters and selected seventy-five constituencies in September, 2015, revealed various weaknesses to which the Controlling officer responded as set out below.

a) Unspent Funds - K55,393,996

The Controlling Officer submitted that the 2014 CDF funds that remained unspent by November, 2015, in forty local authorities country wide were mainly due to late receipt of funds from the Treasury, making it difficult for some councils to implement planned activities within the year. For instance, some areas or project sites became impassable by the time the funds reached the councils and, therefore, projects could not be implemented and funds could not be spent. The other reasons included the lengthy procurement processes for infrastructure projects and procurement of capital items like earth moving equipment; retention of funds meant to meet contractual obligations that required performance prior to release of funds to a contractor or supplier; and some funds kept as retention funds until the expiry of the defects liability period.

The Controlling Officer added that discussions continued to be held with the Ministry of Finance in order to address this perennial issue of late release of funds. He, however, submitted that local authorities were being encouraged to plan ahead prior to the receipt of funds in order to shorten the approval and procurement timeline. In conclusion, he pledged that his Ministry would continue to ensure that CDF projects were approved on time and implementation accelerated. However, the Ministry was also mindful that the need to spend these funds should never result in subverting of regulations governing the utilisation of public funds.

Committee’s Observations and Recommendations

Your Committee expresses concern at the late release of CDF. Your Committee, therefore, urges the Secretary to the Treasury to ensure that CDF is released timely so that projects can be undertaken within the financial year to which the funds relate, to avoid such queries. Your Committee requests for an update on the full utilisation of the CDF for 2014.
b) **Misapplication of Funds - K1,585,526**

With regard to Kawambwa District Council, the Controlling Officer submitted that the Council paid sitting allowances to members of the procurement committee excluding the councilors. The Council would institute recoveries in the month of February, 2016. The Council Management had been urged to be familiar with Cabinet office circulars all the time in order to avoid paying irregular allowances. As for Mporokoso District Council, the Council borrowed funds with a view to reimburse in order to meet the urgent operational expenses such as approving of CDF projects and they had been instructed to comply. In addition, a circular had been issued to Councils instructing them to refrain from using CDF on council operations. In Chadiza, the query arose as a result of purported savings on a project by using a temporal account maintained for a particular project instead of contracting as initially approved. The Council could not substantiate why they changed the mode of project implementation and consequently had been instructed to refund the misapplied funds.

With regard to Kasama Municipal Council, the query arose because the Council had utilised a tax savings from the purchase of earth moving equipment to finance general council operations. It had since remitted the funds to the CDF account. The bank statement was available for audit verification. Rufunsa District Council did not have adequate funds for administrative activities such as approving of CDF projects and study tour, hence it borrowed from the CDF account. However, the pre-inspection cost for the delivery of the rig was deemed to be part of the procurement cost. The Council had since refunded councillors' allowances amounting to K7,590 and would also reimburse the subsistence allowances paid during the study tour to Namwala District Council.

As for Solwezi Municipal Council, the Council paid sitting allowances to the CDC Committee members contrary to the CDF guidelines on the management of the administrative component allocated under CDF. The Council had now refunded all the funds paid as sitting allowances to the respective CDF accounts. Deposit slips were available for verification. The Council would in future ensure that only qualifying expenses were met from the funds allocated towards the administration of the CDF. In Pemba, the Council decided to pay sitting allowances instead of subsistence allowance with a view that the savings would enable them monitor more projects since the CDF Administrative component was inadequate. The spirit behind the initiative, although the payment of the sitting allowance was wrong, was appreciated by the Ministry, but the Controlling Officer had since advised the Council on the need to adhere to the guidelines. On Masaiti, the Controlling Officer submitted that the Council decided to borrow the funds to pay salary arrears to Division IV officers and to procure one utility vehicle to mitigate transport challenges at the Council. The Council had since paid back an amount of K169,209 and would clear the balance of K314,183 by 30th May, 2016.

In addition to the above measures, sensitisation workshops on financial management had since been conducted for all Principal Officers, Directors of Finance and Treasurers emphasising the need to adhere to the relevant Financial Regulations. The CDF guidelines were also being reviewed in order to, among other things, enhance internal controls.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer not to tolerate misapplication of CDF under any circumstances. In this regard, your Committee strongly recommends that disciplinary action be taken against all officers responsible for the reported misapplication of funds. Further, your Committee urges the Controlling Officer to ensure that all documents relating to the reported reimbursements be submitted to the Auditor General for verification. In addition, all amounts still outstanding should be reimbursed to the CDF accounts by the councils without further delay. Your Committee awaits a progress report.
c) Payments made without Obtaining Competitive Quotations - K1,757,400

The Controlling Officer submitted that in Solwezi Municipal Council, there was a complete damage of two bridges and the Council had to respond to the needs of the affected communities as quickly as possible. This led to the Council single sourcing the construction of the bridges. They sought for authority and a “No Objection” was granted by the Zambia Public Procurement Authority (ZPPA), retrospectively, before the payments were made to the contractors. The Controlling Officer, however, explained that the Council had been cautioned to ensure that a “No Objection” to single source was obtained from ZPPA before engaging any contractor regardless of the urgency of the matter. As for Shangombo District Council, the problem was mainly due to lack of capacity among the officers who were involved in the procurement process. The Council conducted a capacity building workshop during the budget preparatory meeting for all officers. Sensitisation workshops on financial management had since been conducted for all Principal Officers, Directors of Finance and Treasurers emphasising the need to adhere to the relevant regulations.

As for Kabompo District Council, the minutes were not availed during audit due to the fact that the procurement officer who was in charge of taking minutes had resigned from the Council and did not do a proper handover before leaving the Council. However, the minutes had been found, filed and were ready for verification. Furthermore, the Ministry had requested the Local Government Service Commission to appoint a procurement officer for the Council. With regard to Nakonde District Council, the query was resolved during audit verification by Auditor General’s Office as per audit verification report dated 29th December, 2015.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who abrogated the procurement procedures and guidelines. Your Committee further urges the Controlling Officer to ensure that qualified staff are deployed to the affected councils. In this regard, your Committee implores the Local Government Service Commission to act on the request for recruitment of qualified staff in some councils. Your Committee requests for progress reports on the outstanding matters except for the case of Nakonde which should be closed.

d) Missing Payment Vouchers - K480,243

The Controlling Officer informed your Committee that regarding Kaoma District Council, Mongu Municipal Council and Chadiza District Council, the reason for non-availability of payment vouchers at the time of audit was misfiling of the payment vouchers and also the Council's failure to conduct regular internal checks on the movement and storage of documents. The payment vouchers which were misplaced had since been found and were ready for audit verification while for Chadiza the Council had traced payment vouchers amounting to K9,675 and efforts were being made to locate the remaining payment vouchers amounting to K123,156. The Councils had been cautioned to put in place a proper filing system and to conduct regular internal checks on the management of documents to avoid misplacement of accounting documents.

As for Luano District Council, the reported missing payment vouchers which were identified from the bank statement related to the time Mkushi South Constituency was under Mkushi District Council. The Ministry had since advised Luano District Council to work together with Mkushi District Council to find the missing payment vouchers for Mkushi South Constituency CDF. The directive had since been issued to both Luano and Mkushi District Councils to hold an official hand over meeting immediately in order to handover all Council transactions and properties that were shared.

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Committee’s Observations and Recommendations

Your Committee expresses concern at the Councils’ failure to maintain records properly and conduct internal checks. The Controlling Officer is urged to ensure that disciplinary action is taken against all officers who failed to file the documents properly at Kaoma, Mongu and Chadiza Councils. Further, your Committee directs that all payment vouchers which have been located be presented to the Auditor General for audit verification. Your Committee also urges the Controlling Officer to ensure that all the outstanding payment vouchers are located without any further delay. Your Committee resolves to await a progress report on the matter.

e) Unsupported Payments - K363,238

The Controlling Officer submitted that Shangombo District Council’s unsupported payments were as a result of failure to collect receipts from two suppliers of goods and services and that efforts were being made to collect them. Luangwa District Council had payments without receipts because the recipients of the payments had not yet issued the receipts. Luangwa District Council had attached all the receipts to the payments made and these were available for audit verification. The Council would no longer issue out cheques without the receipts being given at the time of collection.

As for Livingstone City Council, the twenty-nine payment vouchers were unsupported at the time of audit because of inadequate internal checks on the management of records. The Council had attached all documentation (labour agreement forms) that were not attached to the twenty-nine payments. The documents were available for verification. Livingstone City Council had been reminded to ensure that before the payment vouchers were filed they were checked for the adequacy of all relevant supporting documents and secured in a strongroom. With regard to Lusaka City Council, the Controlling Officer submitted that the Council had not prepared oral contracts for the amount of K49,880. The Council had since reprimanded the officers responsible and had abolished casualisation in line with the Employment Amendment Act No. 15 of 2015. This would ensure that councils adhered to the relevant requirements when recruiting casual workers. As for Lufwanyama District Council, the unsupported payments were as a result of failure to collect documents on time from project sites which were in remote areas. The Council had since collected the relevant documents from project sites and these were available for verification. Further, the Council had been urged to ensure that documentation was collected timely for all projects regardless of their locality.

Committee’s Observations and Recommendations

Your Committee expresses concern at the Council's failure to conduct internal checks and its failure to collect and properly file supporting documents for various payments. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers and that all the outstanding supporting documents are collected and availed for audit verification without any further delay. All supporting documents which have been located should be submitted for audit verification. Your Committee resolves to await a progress report on the matter.

f) Unacquitted Allowances - K4,950

The Controlling Officer submitted that Rufunsa District Council was not able to acquit the allowances because of failure by the officer to account for the imprest drawn in his name. The District Council had reprimanded the Officer and had recovered the amount in question. At Kasama Municipal Council, the Council did not provide the acquittal sheets as they had been misfiled. The acquittals had since been traced and were available for verification. The Councils had been urged to adhere to financial regulations pertaining to management of imprest and to ensure that there was proper record management at all times.
Committee’s Observations and Recommendations

Your Committee expresses concern at the Councils’ failure to acquit payments. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers in Kasama who failed to maintain proper records. Your Committee resolves to await a progress report on the matter.

g) Unauthorised Retention of Interest Earned - K1,923,384

The Controlling Officer informed your Committee that councils had not been remitting interest earned to the treasury on time due to lack of specific deadlines and also because of applications submitted for authority to utilise these funds which had been denied. The Ministry had since instructed all councils to deposit all unremitting interest earned to the treasury. Out of twelve councils, seven councils namely; Nsama, Kabwe, Luwingu, Chipata, Mbala, Mongu, and Mwinilunga had since remitted the interest earned to the Treasury while the other councils were yet to do so. The Ministry reported that a circular had been issued to all councils to remit interest earned as it arose on quarterly basis. The Ministry had instituted a team that would monitor the remittance of interest earned on a regular basis.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to strictly enforce the regulations and guidelines on the treatment of interest earned forthwith, as some councils seem to be reluctant to remit it to the Treasury. Your Committee awaits a progress report on the matter.

h) Failure to Prepare Bank Reconciliations - K7,000,000

With regard to Solwezi Municipal Council, the Controlling Officer submitted that the Council did not accept this query as reconciliation statements were availeid for audit and no query was raised. The Council made available a copy of its most recent status report, which confirmed that no such query existed, but it also had the reconciliation statements re-produced for further verification. As for Shangombo District Council, the Controlling Officer informed your Committee that at the time of audit, all the bank reconciliations were prepared except that they were in draft form waiting to be typed due to lack of computers where all the officers could have access and hence could not be presented at the time of audit. The bank reconciliations had since been prepared and were available for verification. At Mongu Municipal Council, the reconciliations were not ready at the time of the audit and were only completed after the auditors had left. They were now ready for audit verification. The Council had been cautioned to prepare bank reconciliations on time. The Ministry would in future ensure that the bank reconciliations were constantly being prepared to avoid this irregularity.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that his officers do the right thing by availing documents to the auditors during the time of audit. The Controlling Officer is strongly advised to take disciplinary action against all the erring officers in this regard. Your Committee further directs that all relevant documents be submitted for audit verification. Your Committee awaits a progress report on the matter.

i) Irregular Cash Payments – Solwezi Municipal Council - K20,000

The Controlling Officer submitted that accountable imprest was issued to an officer because this was a labour based contract. The Council made these payments to the intended beneficiaries and supporting contracts with relevant acquittal sheets were available for verification.
Committee’s Observations and Recommendations

Your Committee finds it unacceptable that an officer was given imprest from the Constituency Development Funds which is contrary to CDF Guideline No.3 (c) and the Controlling Officer is urged to take disciplinary action against the authorising officers. Further, your Committee directs that officers in the Councils should be orientated on the administration of CDF. Your Committee awaits a progress report on the matter.

j) Irregular Payment of Value Added Tax (VAT) – Chadiza - K26,981

The Controlling Officer informed your Committee that all contractors engaged in construction works submitted VAT Registration Certificates or Tax Clearance Certificates to indicate that they were registered for VAT. Some of the certificates were available for verification. However, for individuals engaged on labour contracts only, such as bricklayers, VAT was not paid as it was just an error on the payment certificate. All their payments were calculated on the agreed amount VAT exclusive and records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that the officers in the Ministry exhibited a very casual attitude towards the audit as they failed to avail the tax exemption certificates to auditors during the time of audit. Your Committee doubts the authenticity of the documents which have only been produced after the auditors had left. Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers. Your Committee directs that all Tax Clearance Certificates that have been found be submitted to the Auditor General for audit verification and that all outstanding documents be located. Your Committee awaits a progress report on the matter.

k) Unauthorised Variations– Lusaka City Council - K851,032 (variations ranged from 44.5% to 77.9%)

The Controlling Officer informed your Committee that variation orders were issued based on community demands without following procurement procedures. He also reported that the concerned officers had been reprimanded and instructed to ensure that procurement procedures were strictly adhered to. In addition, the respective officers had since been re-oriented to adhere to the provisions of the ZPPA Act. The Council would not approve any additional works above the set threshold of 25 percent. Any variations above the 25 percent threshold would be tendered out and new bids would be invited or a ‘no objection’ from ZPPA should be obtained.

Committee’s Observations and Recommendations

Your Committee notes the submission and urges the Controlling Officer to take disciplinary action against the officers for flouting procurement procedures in accordance with the Financial Regulations. Your Committee also urges the Controlling Officer to step up efforts aimed at orientation of council officers. Your Committee awaits a progress report on the matter.

l) Unretired Accountable Imprest - Mporokoso District Council - K223,950

The Controlling Officer acknowledged that the retirements were not done at the time of the audit because the officers involved were away on the same project for which the imprests were issued. The Council had started effecting deductions from the officers concerned and he pledged that the Council would now ensure that all imprests were accounted for as required by Financial Regulations.
Committee’s Observations and Recommendations

Your Committee finds it misleading that the Controlling Officer has effected deductions on the salaries of officers who, according to his information, had undertaken the activity. Your Committee cautions the Controlling Officer to desist from misleading it and directs him to ensure that appropriate disciplinary action is taken against the officers without any further delay. Your Committee further directs that evidence of recoveries made so far be submitted to the Auditor General for verification. Your Committee awaits a progress report on the matter.

m) Irregular Use of Imprest to Procure Goods and Services - K426,102

The Controlling Officer submitted that the said imprest consists of amounts spent on procuring bricks, sand, crushed stones and labour costs for local residents in project communities who did not have bank accounts and not registered as business entities through PACRA. The Council had a challenge to procure building materials and other services from well-established suppliers who could have been paid by cheque because of the nature of the goods and also the location of the project sites. This was to empower them as per CDF guidelines. Those suppliers who were registered were duly paid through cheques and bank transfers. The Controlling Officer, however, stated that the Councils had stopped issuing imprest for procurement of goods and services.

Committee’s Observations and Recommendations

Your Committee expresses concern that the Council failed to observe the provisions of the Financial Regulation No 86 (c) regarding the use of accountable imprest and call on the Controlling Officer to institute appropriate disciplinary action against the officers responsible for this breach. Your Committee further directs that all relevant documents be availed to the Auditor General for audit verification. Your Committee will await a progress report.

n) Unaccounted for Stores - K1,606,226 (General Stores - K1,060,305 and Fuel - K545,920)

Solwezi Municipal Council – K88,700

The Controlling Officer submitted that Stores Section did not make available the Stores Issue Notes and Receipts for goods procured from three (3) suppliers as the Stores Officer was away at the time of audit. The Controlling Officer also added that the Council had attached the Store Issue Notes and the Receipts had been obtained from the suppliers concerned. The Controlling Officer further submitted to your Committee that the Council had transferred the stores function from Procurement Section to Finance Department for ease of collaboration. This would ensure that all relevant documents were attached.

Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the officers to properly account for stores items and fuel during the period under review. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

Mporokoso District Council – K171,050

The Controlling Officer submitted that Mporokoso District Council did not have a Stores Officer to manage stores professionally. On the other hand, the Rural Roads Unit (RRU) officers were drawing fuel directly from the filling station in Kasama to the site which posed the challenge to collect disposal details during the time they were rehabilitating the roads in Lunte and Mporokoso Constituencies. The Controlling Officer also added that Mporokoso District Council was making
efforts to get disposal details from the RRU officer who was said to be at school. Furthermore, the Controlling Officer submitted to your Committee that it would engage the Local Government Service Commission to ensure that a Stores Officer is posted to Mporokoso District Council. He had urged the Council to ensure that disposal records and receipts were obtained immediately after payment was made.

Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the RRU officer to properly handover his office before he left for studies. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against him and that the Council updates its records and submit them to the Auditor General for audit verification without further delay. Your Committee awaits a progress report on the matter.

Kabwe Municipal Council – K43,519

The Controlling Officer submitted to your Committee that the Council had not availed stores records due to the fact that at the time of audit, the goods received books were still with the head teachers at the schools where the procured items were delivered. The Controlling Officer also submitted to your Committee that Kabwe Municipal Council had collected the Goods Received Notes from the head teachers and these were available for verification. He also added that Kabwe Municipal Council had been urged to maintain copies of stores records at the council.

Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the officers to properly account for stores items and fuel during the period under review. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

Kasama Municipal Council - K484,796

The Controlling Officer submitted that at the time of audit, the Council could not avail stores records as they had been misfiled. The Controlling Officer also submitted to your Committee that the Council had obtained all statements from the filling station for payments of fuels and lubricants and these were available for audit verification. The Controlling Officer also submitted to your Committee that the Council had cautioned the responsible officers on the need to maintain adequate stores records in order to ensure accountability of public resources.

Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the officers to properly account for stores items and fuel during the period under review. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

Rufunsa District Council - K27,341

The Controlling Officer submitted to your Committee that all materials procured under cheque no. 000680 were actually signed for by the various beneficiaries, except for the stores records which were left at project sites with project committees as there were no duplicate copies at the time of delivery and they were unable to avail the documents to the Auditors at the time of audit. The Controlling Officer also submitted that the Council had retrieved the documents from the four project committees which received the materials procured and were available for verification. He
further submitted that the Council would in future endeavor to prepare the stores ledger in duplicate so that the office retains a copy.

Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the officers to properly account for stores items and fuel during the period under review as there is no excuse for the failure since duplicate copies would have been secured for their file. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

Mpongwe District Council - K117,510

The Controlling Officer submitted that the stores disposal details were not availed to the auditors during audit verification at Mpongwe District Council because the stores in question were delivered directly to sites. He also added that the Council had been urged to account for all the material even those which were produced at the project sites such as burnt bricks. The Controlling Officer further submitted to your Committee that the Ministry would ensure that Mpongwe District Council prepared stores records for all purchases even for items produced from project sites.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers for this failure. Your Committee awaits a progress report on the matter.

Lusaka City Council – K300,452

The Controlling Officer submitted that issuing records for stores items amounting to K300,452 were duly issued and delivered, but the records for the goods received were not signed for by the recipients on time. The Controlling Officer submitted to your Committee that the responsible officers were reprimanded and the documentation had since been regularised. The Controlling Officer submitted to your Committee that the Procurement Unit would now effectively coordinate its activities among its sections to ensure completeness in the procurement process.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the matter does not recur and recommends the matter for closure subject to audit verification.

Chilanga District Council

The Controlling Officer submitted that the bus had not yet been delivered at the time of audit because the School (Parklands) had not yet paid for insurance which was a pre requisite for Tata Zambia to release the bus. The Controlling Officer submitted to your Committee that the School had since paid for the insurance and the Bus had since been delivered and was available for verification. The Controlling Officer also submitted that as a way of avoiding similar anomalies, the Council would ensure that all necessary arrangements were put in place whenever similar commitments were made.

Committee's Observations and Recommendations

The Controlling Officer is urged by your Committee to ensure that all logistical arrangements are concluded within the delivery period to avoid recurrence. Your Committee is of the view that this failure may result in loss of funds if not well handled as there is a possibility of suppliers and
officers taking advantage of the weaknesses and cause non-delivery. Therefore, the Controlling Officer is urged to ensure that the officers responsible are cautioned for this failure. Your Committee, however, resolves to close the matter subject to audit verification.

**Nakonde District Council – K2,447**

The Controlling Officer submitted that the Council availed the stores records and the matter was recommended for closure.

**Committee's Observations and Recommendations**

Your Committee recommends the matter for closure once it is resolved with the Auditors.

**Kabompo District Council - K34,707**

The Controlling Officer submitted that the situation arose because the Council did not have a qualified Stores officer to record and issue the stores items. The Controlling Officer submitted to your Committee that the Council had identified an officer to perform the functions of the stores officer whilst awaiting the Local Government Service Commission to employ one. However, the disposal details were now filed and ready for verification. The Controlling Officer added that the Council would ensure that receipts and disposal records were prepared and filled during the financial year.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to properly account for stores items and fuel during the period under review. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

**Mongu Municipal Council - General Stores Costing - K3,438 (Fuel - K2,153 and Stores-K1,285)**

The Controlling Officer submitted that the Council’s failure to keep proper records of receipts and issue of stocks and stores was due to lack of a qualified stores officer. The Controlling Officer submitted to your Committee that a qualified stores officer had been sent to Mongu Municipal Council, hence a proper record system had been introduced. The Controlling Officer submitted to your Committee that the Council had been advised to keep proper records of receipts and stores issues accordingly.

**Committee's Observations and Recommendations**

Your Committee does not accept the reason given and urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

**Mwinilunga District Council - K113,153**

The Controlling Officer submitted that the Council did not avail stores record due to the absence of a stores officer at the time of audit. The Controlling Officer submitted to your Committee that disposal details amounting to K107,733 were verified and the matter was recommended for closure. The remaining disposal records for K6,200 were now available for verification. The Controlling Officer submitted to your Committee that the Council had put in place measures that would ensure that disposals details were available at all times for future audits.
Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the officers to properly account for stores items and fuel during the period under review. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

Lufwanyama District Council

The Controlling Officer submitted that the Council did not attach supporting documents to the payment vouchers because they had not yet been collected from their various sites. The Controlling Officer submitted to your Committee that Lufwanyama District Council had collected and attached all the necessary documents and they were available for verification. The Controlling Officer submitted to your Committee that Lufwanyama District Council had been urged to ensure that documents were collected on time regardless of the site location.

Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the officers to properly account for stores items during the period under review. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

Undelivered Stores - K207,234

The Controlling Officer submitted that at the time of audit, some councils had not yet delivered the materials due to transportation challenges encountered, while for others it was due to inadequate funding to the projects to enable them transport some equipment at the same time. In the case of some councils, the problem was limited storage space, while for others it was that materials were out of stock and they were waiting for the new stock to arrive. Some councils rejected the materials that were delivered because they did not meet the required specifications. In the case of Mazabuka Municipal Council, specifically, the Council received the laptop but realised that it was faulty and returned it to the supplier. The supplier had since refunded the amount paid by the Council.

The Controlling Officer informed your Committee that the materials and equipment that were not delivered at the time of audit in the various councils had since been delivered and receipted. Delivery notes were now available for verification. He had also urged the councils to make sure that all transportation logistics were in place before procurement of materials and to always allocate enough funds in order to avoid unnecessary delays in the delivery of equipment. The councils were also cautioned to put measures in place to ensure that only credible suppliers with sufficient capacity were engaged to supply goods and services to the councils. The issue relating to Lusaka City Council was reported to the police as wrong materials were delivered and the officers responsible had since been reprimanded for delaying to address this issue. The Controlling Officer also informed your Committee that the matter relating to Nakonde District Council had been verified and recommended for closure.

Committee’s Observations and Recommendations

Your Committee expresses concern that the councils did not pursue the delivery of the stores until after the Auditors raised the matter. This should not be allowed to happen henceforth and the Controlling Officer is urged to ensure that all councils received all stores paid for. Your Committee directs that the documentation relating to the delivery of the stores should be presented to the Auditor General for verification. Your Committee awaits a progress report.
p) Irregular Advance Payments - K354,258

The Controlling Officer submitted that the councils had followed the Public Procurement (Amendment) Act, 2011 Chapter 140 (3) as a basis for the advance payments made. However, the Ministry was in the process of aligning the CDF Guidelines so that it could be in conformity with the Zambia Public Procurement Act.

Committee’s Observations and Recommendations

Your Committee expresses concern at the variance observed between the CDF Guidelines and the Zambia Public Procurement Act. Your Committee therefore urges the Controlling officer to ensure that the process of harmonising the two is expedited to eradicate such gaps in the administration of CDF. Your Committee further urges the Controlling Officer to ensure that the officers are sternly cautioned for their failure to seek guidance where such inconsistencies occur. The matter is, however, recommended for closure subject to audit verification.

q) Funding of Non-Qualifying Projects - K125,923

The Controlling Officer submitted that the councils acknowledged the error of having included these items on CDF Projects. The Ministry had urged the councils to ensure that they strictly adhered to the guidelines as provided for under the CDF Guidelines.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to take disciplinary action against the officers responsible for this failure. Further, officers involved in the administration of CDF should undergo appropriate orientation. Your Committee awaits a progress report on the matter.

r) Funding of Unapproved Projects - K1,189,371

Solwezi Municipal Council – K92,120

The Controlling Officer submitted that funds which were meant for the Construction of a bridge in Kyafukuma, were instead used to construct a health post within Kyafukuma area after Council approval. This followed the construction of the initially approved bridge by Kansanshi Mine. The Controlling Officer submitted to your Committee that the Council had been urged to always seek for approval for any variation. The Ministry had implored Solwezi Council to always ensure that only projects approved and supported by Council Resolution are implemented.

Committee's Observations and Recommendations

Your Committee does not accept the reasons given and urges the Controlling Officer to ensure that the erring officers who disregarded the Procurement Regulations were disciplined to deter others. Your Committee also urges the Controlling Officer to urgently organise orientation sessions for officers involved in the administration of CDF. Your Committee awaits a progress report on the matter.

Mporokoso District Council – K35,781

The Controlling Officer submitted that the Council had not attached the minutes with the approved projects on the payment vouchers at the time of audit as the CDF file had been misplaced. The Controlling Officer also submitted that the minutes with approved projects had since been traced and attached to the payment vouchers. The minutes were now available for audit verification. The Controlling Officer further submitted to your Committee that the Council had resolved that it would only implement projects that were duly approved in accordance with the CDF guidelines.
Committee's Observations and Recommendations

Your Committee does not accept the reasons given and urges the Controlling Officer to ensure that all the officers who disregarded the CDF Guidelines or Procurement Regulations are disciplined. Your Committee also urges the Controlling Officer to urgently organise orientation sessions for officers involved in the administration of CDF. Further, all documents that have been traced should be submitted for audit verification. Your Committee awaits a progress report on the matter.

Mpika District Council – K35,335

The Controlling Officer submitted that the Council had approved the Kopa Market project in 2013, but it could not be completed due to inadequate funding. In order to complete the project, K35,335 was allocated to the project from the 2014 funding after authority was granted by the Ministry. He added that the funding of Kopa Market from the 2014 CDF funding was approved and adopted by Mpika District Council through the second Ordinary Council meeting held on 11th September, 2015. The Controlling Officer further submitted to your Committee that the Council had resolved to only implement projects that were duly approved.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all minutes and other documents are submitted for audit verification. Your Committee awaits a progress report on the matter.

Kasama Municipal Council – K44,000

The Controlling Officer submitted that the Council had in principal approved the projects, but there were a few concerns that the planning committee had requested the applicants clarify before granting full approval. He also submitted to your Committee that the Council approved the projects after obtaining the requested clarifications from the applicants and further that the Council would continue to only fund projects that had been approved.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all officers who disregarded the CDF Guidelines or Procurement Regulations are disciplined. Your Committee also urges the Controlling Officer to urgently organise orientation sessions for officers involved in the administration of CDF. Further, all documents and minutes pertaining to approval of the projects should be submitted for audit verification. Your Committee awaits a progress report on the matter.

Luano District Council – K637,500

The Controlling Officer submitted that at the time of the Audit, the Council had misplaced the documentation which authorised the procurement of the water drilling rig machinery. He also added that all the documents pertaining to approval of the project had since been traced and were now available for verification. The Controlling Officer submitted to your Committee that the Council would endeavour to ensure that all documents were always secured and filed accordingly.

Committee's Observations and Recommendations

Your Committee does not accept the reasons given and urges the Controlling Officer to ensure that all the officers who disregarded the CDF Guidelines and Procurement Regulations are disciplined. Your Committee also urges the Controlling Officer to urgently organise orientation sessions for the officers involved in the administration of CDF. Further, all documents pertaining to approval of the project should be submitted for audit verification. Your Committee awaits a progress report on the matter.
Kalulushi Municipal Council

The Controlling Officer submitted that during the implementation of the Dongwe Youth Training Centre project, it was found that there was need for security; hence the project manager varied the project to include construction of the wall fence as per regulation 150 of the Public Procurement Regulations 2011. However, at the time of audit the Council had not sat to ratify the variation, as was observed by the Auditor. The Controlling Officer submitted to your Committee that the Council had ratified the variation of the Dongwe Youth Training Centre to include the construction of the wall fence to enhance security under minute KMC/138/12/15. The Controlling Officer submitted to your Committee that the Council had been urged to seek approval from the Ministry for variations above 25 percent of the contract sum.

Committee's Observations and Recommendations

Your Committee does not accept the reasons given and urges the Controlling Officer to ensure that all the officers who disregarded the CDF Guidelines and Procurement Regulations are disciplined. Your Committee also urges the Controlling Officer to urgently organise orientation sessions for the officers involved in the administration of CDF and also for procurement procedures to avoid recurrence. Further, all documents and minutes pertaining to approval of the project should be submitted for audit verification. Your Committee awaits a progress report on the matter.

Mbala Municipal Council – K204,235

The Controlling Officer submitted that the Constituency Development Committee (CDC) recommended to a full Council for the purchase a grader for K860,000 out of K1,300,000 and to use the balance of K440,000 for the two road projects under Senga Constituency. Although, the Council approved the projects, the decision was not ratified by the Ministry. The two projects were the construction of Nakonde Turn-off to Kavumo Road and construction of Kamuzwazi to Kavumo and Simula to Mambwe. The Controlling Officer submitted to your Committee that Mbala Municipal Council was in the process of submitting the approved projects to the Ministry for the ratification. The Controlling Officer further submitted to your Committee that the Council had been strongly advised to always abide by the CDF guidelines when utilising CDF funds.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all the officers who disregarded the CDF Guidelines and Procurement Regulations are disciplined. Your Committee also urges the Controlling Officer to urgently organise orientation sessions for officers involved in the administration of CDF. Further, all documents pertaining to approval of the project should be submitted for audit verification. Your Committee awaits a progress report on the matter.

s) Over-Commitment of Funds – Samfya District Council - K492,127

The Controlling Officer submitted that the cause of the query was that the Council allocated CDF to various projects without having prepared accurate Bills of Quantities (BOQs), hence the under estimation of project costs. He, however, reported that the Council had taken note of the Auditors’ observations and the Council would in future only allocate funds to projects based on the engineer’s estimates.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who authorised payments in the absence of bills of quantities. Your Committee further, urges the
Controlling Officer to ensure that the projects are completed without further delay. Your Committee will await a progress report on the matter.

t) Failure to Implement Funded Projects - K5,715,006

Kaoma District Council – K650,000

The Controlling Officer submitted that the failure to implement the Radio Station project in Kaoma Central was because the funds were not adequate and thus were diverted to another project. For Mangango Constituency, the project to drill boreholes failed to take off as the contractor could not access the site due to the bad terrain. The Controlling Officer submitted to your Committee that for Kaoma Central the funds had been reallocated to other projects as approved by the Council and for Mangango, the Council had engaged manual drillers who had since drilled eight boreholes out of the twelve required. The Controlling Officer submitted to your Committee that the Council will endeavour to approve only projects where they had sufficient funds.

Committee's Observations and Recommendations

Your Committee finds it unacceptable that funds are allocated to most of the projects without technical consultation. Your Committee is further concerned with the diversion of funds to other projects which are not in the Councils’ initial plans. Your Committee believes that this adhoc diversion of funds to unplanned projects contributes to poor supervision of project implementation. Your Committee urges the Controlling Officer to impose stiffer sanctions against districts perpetuating such vices to avoid recurrence. It is clear to your Committee that funds are not prudently used as officers habitually divert funds to projects of their choice with impunity. In this regard, your Committee strongly recommends that disciplinary action be taken against all the erring officers. Your Committee awaits a progress report on the uncompleted works.

Mumbwa District Council - K50,000

The Controlling Officer submitted that the Council budgeted only for electricity connection, but ZESCO wanted payment for both the connection and supply of electrical materials for them to carry out the connection which was above the funds allocated. The Controlling Officer submitted to your Committee that the Council had advised the Community to apply for more funds in order to have the project completed. The Controlling Officer submitted to your Committee that the Council would ensure that adequate funds were allocated to all future projects in order not to delay implementation.

Committee's Observations and Recommendations

Your Committee finds it unacceptable that funds have been allocated to the project without technical consultation. Your Committee is further concerned on the non completion and implementation of the project and urges the Controlling Officer to ensure that more funds are allocated for this project to enable beneficiaries derive full benefits out of it. Your Committee awaits a progress report on the uncompleted works.

Petauke District Council - K390,000 (K180,000 – Bus and K210,000 – Fire Station)

The Controlling Officer submitted that the Council could not implement the funded projects because of the ban on the procurement of second hand vehicles imposed during the same year. In addition, the amount allocated for the fire station was inadequate based on the engineer’s estimates and that supplement was awaited from the national budget.
Committee's Observations and Recommendations

Your Committee finds it unacceptable that funds are allocated to these projects without technical consultation. Your Committee is further concerned with the diversion of funds to other projects which were not in the Councils’ initial plans. Your Committee believes that this adhoc diversion of funds to unplanned projects contributes to poor supervision of project implementation. Your Committee urges the Controlling Officer to impose stiffer sanctions against districts perpetuating such vices to avoid recurrence. It is clear to your Committee that funds are not prudently used as officers habitually divert funds to projects of their choice with impunity. In this regard, your Committee strongly recommends that disciplinary action be taken against all the erring officers. Your Committee awaits a progress report on the uncompleted works.

Chipata Municipal Council - K3,235,000

The Controlling Officer submitted that the Council admitted the slow pace at which CDF projects were being implemented. This was largely attributed to lack of required numbers of staff, inadequate administrative funds and the lack of transport for monitoring projects including difficulties to access suppliers of goods and services that stock all materials for any given single project in the Municipality of Chipata. The key members of staff that were not currently available included Procurement Officers. The other contributing factor was the lengthy process in CDF projects approval ultimately leading to delays in projects implementation. In addition, fragmented projects located mainly in far flung areas made speedy implementation difficult. The Controlling Officer submitted to your Committee that the Council had now implemented most of the projects. The project ledgers were available for verification. The Controlling Officer submitted that the Council had resolved to scale up the pace at which CDF projects were being implemented and monitored.

Committee's Observations and Recommendations

Your Committee finds it unacceptable that funds allocated to this project are inadequate and also that the district encounters a problem of logistical challenges. Your Committee is further concerned with the poor supervision of project implementation and urges the Controlling Officer to ensure that all the remaining projects are completed without any further delay. Your Committee awaits a progress report on the uncompleted works.

Kazungula District Council – K100,000

The Controlling Officer submitted that the Council had allocated this amount for the construction of a community radio station in Kazungula District. However, after preparation of BOQs and costings, it was realised that the available funds were insufficient and therefore, the Council did not undertake the project. The Controlling Officer submitted to your Committee that the Council resolved to vary the above funds from Construction of a Community Radio Station to procurement of earth moving equipment (TLB backhole loader) under minute number kzdc/scm/07/15. The request for variation of funds had since been approved by the Ministry. The Ministry had guided all Councils that any new allocations of funds be based on Engineers estimates and feasibility to implement the projects within a specified time frame.

Committee's Observations and Recommendations

Your Committee finds it unacceptable that funds are allocated to most of the projects without technical consultation. Your Committee is further concerned with the diversion of funds to other projects which are not in the Councils’ initial plans. Your Committee believes that this adhoc diversion of funds to unplanned projects contributes to poor supervision of project implementation. Your Committee urges the Controlling Officer to impose stiffer sanctions against districts perpetuating such vices to avoid recurrence. It is clear to your Committee that funds are not prudently used as officers habitually divert
funds to projects of their choice with impunity. In this regard, your Committee strongly recommends
that disciplinary action be taken against all the erring officer. Your Committee awaits a progress
report on the uncompleted works.

**Kalomo District Council – K45,000**

**Mawaya Market – K15,000**

The Controlling Officer submitted that the delayed works to construct a toilet at Mawaya market was
due to the land dispute between the market committee and a named individual. The matter was in
court and judgement had since been passed in favour of the market committee. The Controlling
Officer submitted to your Committee that the Mawaya market project had been completed except for
the plumbing works.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the remaining works are completed
without any further delay. Your Committee awaits a progress report on the matter.

**Mayobo Bridge – K30,000**

The Controlling Officer submitted that the delayed works at Mayobo bridge project was due to the fact
that the project required specialised equipment such as a bull dozer or an excavator to construct an
embankment towards the bridge. The Council currently did not have any of the above named
equipment. The Controlling Officer submitted to your Committee that the Council had continued to
pursue the matter of acquiring the services of the bull dozer with the Provincial Permanent Secretary.
Documents that show latest communication to seek his office’s intervention were available for
verification. The Controlling Officer submitted that the Council would in future ensure that all
necessary machinery was available before embarking on such kind of projects in order not to delay
project implementation.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to effectively plan for the
project which has sadly resulted in delay in implementation. Your Committee is of the view that
consultation was not done before commencement of the project and thus urges the Controlling Officer
to institute disciplinary action against the erring officers for this failure. Your Committee also directs
the Controlling Officer to ensure that he intervenes in the matter by ensuring that machinery is found
to complete the works without further delay. Your Committee awaits a progress report on the matter.

**Nakonde District Council – K63,006**

The Controlling Officer submitted that these were two projects, Nchenga Primary School and
Ntatumbila Health Centre. Nchenga was funded K27,066 whereas Ntatumbila was allocated K35,940.
The delay in implementing these projects was due to lengthy procurement procedures. The Controlling
Officer submitted that the class room block at Nchenga had been roofed and plastered inside and
cracks mended while Ntatumbila staff house materials had been supplied and the project was
underway. The Controlling Officer further submitted that in future the Council would ensure that
projects were implemented within the shortest possible time.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the remaining works are completed
without any further delay. Your Committee awaits a progress report on the matter.
Mongu Municipal Council

The Controlling Officer submitted that the delay in implementation of the projects was due to non-responsiveness of the contractors which led to the Council to re-advertise for the projects. The Controlling Officer submitted to your Committee that ten out of sixteen projects had now been completed whilst the other six were being worked on.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the remaining works are completed, expeditiously and your Committee resolves to await a progress report on the matter.

Ndola City Council - K137,000

The Controlling Officer submitted that Ndola City Council had released funds amounting to K137,000 to nine projects which at the time of audit had not been accounted for either in form of returns or reports. The Controlling Officer stated that Ndola City Council was working with the constituency office to ensure that returns and reports were submitted by these nine clubs. The Ministry had urged the Council to ensure that the returns and reports pertaining to funded clubs were monitored effectively and efficiently to ensure effective implementation.

Committee's Observations and Recommendations

Your Committee finds it unacceptable that funds are allocated to the projects without proper accountability through documents. Your Committee urges the Controlling Officer to impose stiffer sanctions against districts perpetuating such vices to avoid recurrence. It is clear to your Committee that funds are not used prudently as officers habitually delay to account for it with impunity. In this regard, your Committee strongly recommends that disciplinary action be taken against all the erring officers. Your Committee awaits a progress report on the uncompleted works.

u) Failure to Insure and Register Equipment

Mumbwa District Council – K853,200

The Controlling Officer submitted to your Committee that at the time of audit, the Council was using the insurance cover that was used by the supplier for the said equipment as it was in the process of having the equipment registered through the Government Transport Control Unit. The Controlling Officer submitted that the Council had since written to Zambia State Insurance company (ZSIC) for insurance and Government Transport Control Unit for registration. The Controlling Officer concluded by stating that the Council would ensure that all equipment procured was urgently registered and insured.

Committee's Observations and Recommendations

Your Committee cautions the Controlling Officer to ensure that all assets belonging to the Government are insured in accordance with the Government requirements to avoid losses which may occur as a result their non-insurance. Additionally, the Controlling Officer is urged to ensure that all assets are registered without any further delay in accordance with the provisions of the law. Your Committee awaits a progress report on this matter.
**Kabwe Municipal Council**

The Controlling Officer submitted to your Committee that the Council delayed to register and insure the earth moving equipment because of late receipt of customs papers from Kapiri Mposhi Port for the equipment. The Council had since registered and insured the equipment.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the Council is cautioned for this failure and the matter is recommended for closure subject to audit verification.

**Mazabuka Municipal Council - K1,255,174**

The Controlling Officer submitted that during the period under review, the Council had not registered and insured the equipment which cost K1,255,174 because of the liquidity problems the Council was facing. The Controlling Officer submitted that the Council had since registered and insured the equipment. The registration and insurance documents were available for audit verification. The Council had resolved to register and insure all equipment immediately they were procured in order to safeguard government property.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the Council is cautioned for this failure and the matter is recommended for closure subject to audit verification.

**Mbala Municipal Council – K1,845,000**

The Controlling Officer submitted that the Council could not insure the grader because registration was still under way through the Controller of Government Transport. The Controlling Officer submitted that quotations had been obtained and factored in the 2016 Budget and the Council had since written to the Provincial Administration, Northern Province on a letter dated 24th September, 2015, to facilitate registration of the earth moving equipment as a requirement prior to insurance. The Council had been urged to expedite the process of registration of equipment in order to ensure timely insurance.

**Committee's Observations and Recommendations**

Your Committee cautions the Controlling Officer to ensure that all assets belonging to government are insured in accordance with the Government requirements to avoid losses which may occur as a result their non-insurance. Additionally, the Controlling Officer is urged to ensure that all assets are registered without any further delay in accordance with the provisions of the law. Your Committee awaits a progress report on this matter.

**Mwinilunga District Council**

The Controlling Officer submitted that the equipment was not insured by the Council at the time of the audit because of insufficient funds. The Controlling Officer submitted to your Committee that tendering procedures had already been completed and the insurance company had since been selected and a part- payment of K25,000 had since been paid leaving the balance of K51,000. A receipt was available for verification. Part of the locally generated funds will be channelled towards the liquidation of insurance costs.
Committee's Observations and Recommendations

Your Committee cautions the Controlling Officer to ensure that all assets belonging to the Government are insured in accordance with the Government requirements to avoid losses which may occur as a result their non-insurance. Additionally, the Controlling Officer is urged to ensure that all assets are registered without any further delay in accordance with the provisions of the law. Your

v) **Unauthorised Investment of Funds – Kasama Municipal Council - K352,720**

The Controlling Officer submitted that the Council regretted its decision to invest the funds saved due to the tax exemption on the purchase of earth moving equipment without Treasury Authority. However, the purpose of investing the funds was to grow the funds so that the Council could accumulate enough to purchase a CDF projects monitoring vehicle. The Council had remitted back the funds to the CDF account and the funds would be utilised on an additional CDF project that had already been identified. He stated that the Council would endeavour to always seek treasury authority before investing any public funds.

Committee’s Observations and Recommendations

Your Committee observes that the investment was well intended, but the Council abrogated the requirements of the Financial Regulations by not obtaining Treasury Authority. Your Committee urges the Controlling Officer to institute disciplinary action against all officers who were responsible for this breach. Your Committee further directs that all documentation relating to this transaction should be presented to the Auditor General for verification. Your Committee will await a progress report on the matter

w) **Over Expenditure**

i. **Administrative Activities (over expenditure of K235,998)**

The Controlling Officer submitted that the reported overexpenditure was mainly as a result of the inadequate provision for administrative expenses. In most cases, councils were required to conduct field appraisals and subsequent monitoring activities for effective implementation, especially since CDF projects did not have provision for supervising consultants. The CDF Guidelines were being reviewed in order to, among other things, increase the provisions for administrative expenses.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that there is strict adherence to circulars and CDF Guidelines which are the yardsticks for the administration of CDF. Your Committee also urges him to expedite the process of reviewing the CDF Guidelines in order to address some of the existing shortcomings. Your Committee recommends the matter for closure subject to audit verification.

ii. **Approved Projects – Over Expenditure - K1,106,567**

**Shangombo District Council - K13,000**

The Controlling Officer submitted that the Council spent in excess of the approved amount for educational support due to the number of students that had increased. The Controlling Officer submitted to your Committee that the Council had been urged to strictly adhere to the approved allocations. The Council would also ensure that they adhered to the projects as approved.
Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that there is strict adherence to circulars and CDF Guidelines. Your Committee strongly recommends that the Controlling Officer takes disciplinary action against all the officers who violated the CDF Guidelines and also urges the Controlling Officer to expedite the process of reviewing the CDF Guidelines. Your Committee awaits a progress report on the matter.

Mpika District Council – K27,359

The Controlling Officer submitted that the overexpenditure on the projects at the Council was as a result of inaccurate bills of quantities that were initially prepared. The Controlling Officer submitted to your Committee that the Council at its sitting which was held on 11th September, 2015, under minute number MDC/37/09/2015 approved the overexpenditure on the affected projects. He further reported that authority was granted to Mpika District Council to revise the funding for CDF projects. All documents were available for verification. The Controlling Officer submitted that all Councils had been urged to base their project allocations on engineer’s estimates.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that there is strict adherence to circulars and CDF Guidelines. Your Committee strongly recommends that the Controlling Officer takes disciplinary action against all the officers who violated the CDF Guidelines. Your Committee also urges the Controlling Officer to expedite the process of reviewing the CDF Guidelines and awaits a progress report on the matter.

Luangwa District Council – K3,995

The Controlling Officer submitted that the Council incurred an excess expenditure on the project because the initial bill of quantities had left out some items which were critical to the success of the project. The Controlling Officer submitted to your Committee that the Council tabled the matter before the relevant committees and was approved under minute numbers LDC/PWDC/25/01/16 and LDC/PWDC/27/01/16 respectively. The minutes were available for verification. The Controlling Officer submitted that the Council will ensure that accurate bill of quantities are prepared for all projects.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that there is strict adherence to circulars and CDF Guidelines. In this vein your Committee strongly recommends that the Controlling Officer takes disciplinary action against all the officers who violated the CDF Guidelines and others who failed to produce accurate BOQs. Your Committee also urges the Controlling Officer to expedite the process of reviewing the CDF Guidelines. Your Committee will await a progress report on the matter.

Petauke District Council - K46,767

The Controlling Officer submitted that the Council incurred an overexpenditure of K46,767 on the approved project amount to due to an underallocation of funds. The Controlling Officer submitted that the overexpenditure was reported and approved by the full Council and that all Councils had been urged to base their project allocations on engineer’s estimates.
Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that there is strict adherence to circulars and CDF Guidelines. In this vein your Committee strongly recommends that the Controlling Officer takes disciplinary action against all officers who violated the CDF Guidelines and others who failed to produce accurate BOQs. Your Committee also urges the Controlling Officer to expedite the process of reviewing the CDF Guidelines. Your Committee will await a progress report on the matter.

Mpongwe District Council - K186,291.50

The Controlling Officer submitted that the Council incurred an over expenditure on the approved project amount to due to an underallocation of funds. The Controlling Officer submitted that the Council had since ratified and approved the overexpenditure in question as shown by the minute no. PWDRE/366/10/15 of 22/12/15. The Controlling Officer submitted that all Councils had been urged to base their project allocations on engineer’s estimates and in addition to ensure that all variations to projects are approved by the ministry.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that there is strict adherence to circulars and CDF Guidelines. In this vein your Committee strongly recommends that the Controlling Officer takes disciplinary action against all the officers who violated the CDF Guidelines and others who failed to produce accurate BOQs. Your Committee also urges the Controlling Officer to expedite the process of reviewing the CDF Guidelines. Your Committee will await a progress report on the matter.

Lusaka City Council – K234,330

The Controlling Officer submitted that the Council did not recover the advance payment from the final certificate and that resulted in an overpayment of K234,330. The Controlling Officer submitted that the Council had made a demand on the contractors to recover the advance payments. The Controlling Officer further submitted that the Council had improved its internal controls by ensuring that there is segregation of duty regarding the preparation, checking, authorisation and approval of payment certificates for all contractual works.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the advance payment is refunded by the contractor without further delay. He is also directed to take stern disciplinary action against the erring officers for this failure as it is evident that internal controls are very weak. Your Committee also urges him to enhance internal controls and it resolves to await a progress report on the matter.

Kalulushi Municipal Council

The Controlling Officer submitted that the Council initially approved an amount of K512,783 for Dongwe Youth Training Centre rehabilitation. However, since the amount was above the threshold of the Council, the tendering process was done through the Provincial Procurement Committee which awarded the contract of K679,124 resulting in the increase of K166,341 above the original allocation. The Controlling Officer stated that the Committee that the Council ratified the dropping of the Chambishi Secondary School project and the increased cost of rehabilitation of the Dongwe Youth Training Centre under minute KMC/137/12/15. All Councils had been urged to base their project allocations on engineer’s estimates.
Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that there is strict adherence to circulars and CDF Guidelines. In this vein your Committee strongly recommends that the Controlling Officer takes disciplinary action against all officers who violated the CDF Guidelines. Your Committee also urges the Controlling Officer to expedite the process of reviewing the CDF Guidelines. Your Committee will await a progress report on the matter.

Pemba District Council - K74,003.90

The Controlling Officer submitted that the Council incurred an overexpenditure on the approved project amount due to an underallocation of funds. The projects which had savings financed deficits on projects which needed extra funding. The Controlling Officer added that the Ministry regretted the action regarding the over expenditure and strongly reiterated its position regarding the need for Councils to seek authority for any variation to the approved projects. All the Councils had been urged to base their project allocations on engineer’s estimates and in addition, to ensure that all variations to projects were authorised by the ministry.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that there is strict adherence to circulars and CDF Guidelines. In this vein your Committee strongly recommends that the Controlling Officer takes disciplinary action against all the officers who violated the CDF Guidelines and others who failed to produce accurate BOQs. Your Committee also urges the Controlling Officer to expedite the process of reviewing the CDF Guidelines. Your Committee will await a progress report on the matter.

Masaiti District Council – K393,478

The Controlling Officer submitted that the over expenditure in question was as a result of the unforeseen increase in the following expenses:

- fuel and lubricants bill increased as a result of extra time taken on the project than earlier planned;

- allowances for operators also increased as a result of extra time on the project than earlier planned; and

- maintenance costs also increased as a result of the extra time on the project than earlier planned.

The Controlling Officer submitted that the overexpenditure was presented before the Council and were approved. The minutes were available for audit verification. The Controlling Officer submitted that the Council would endeavor to abide by CDF guidelines.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that there is strict adherence to circulars and CDF Guidelines. In this vein, your Committee strongly recommends that the Controlling Officer takes disciplinary action against all the officers who violated the CDF Guidelines and others who failed to produce accurate BOQs. Your Committee also urges the Controlling Officer to expedite the process of reviewing the CDF Guidelines. Your Committee will await a progress report on the matter.
x) **Procurement of Earth Moving Equipment-Mwinilunga District Council**

**i. Delivery of Wrong Tipper Truck**
The Controlling Officer submitted that the Council had observed that the specifications in the bidding documents were the same with those on the tipper truck, except for the weights. Furthermore, a letter had been written to the Provincial Procurement Committee for the re-inspection of the tipper truck.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the fact that the Controlling Officer insisted, without any evidence, that the specifications in the bidding documents were the same as those on the tipper truck. Your Committee wonders why evidence to this effect was not availed to the auditors at the time of the audit. In this vein, your Committee cautions the Controlling Officer against issuing misleading statements to it. Further, your Committee calls upon the Controlling Officer to institute disciplinary measures against the officers who failed to avail the relevant documents to the auditors. In addition, your Committee directs the Controlling Officer to ensure that the correct tipper truck is delivered by the supplier. Your Committee awaits a progress report on the matter.

**ii. Failure to deliver Accessories and Service of the Tipper Truck**
The Controlling Officer submitted to your Committee that thirty tools reported not to be there were being used in Senior Chief Sailunga’s Chiefdom to repair an old Council Motor Grader which had a breakdown about 80 km away from Mwinilunga Civic Centre at the time of the audit. The operators/artisans were not trained at the time of the audit as these had not been employed by the Council at that time. The Controlling Officer further added that suppliers for the front end loader, motor grader and tipper truck did not service the equipment at the time of the audit because the equipment had not been used at that time. He also reported that the thirty tools had since been brought back from Sailunga Chiefdom and were ready for verification. The operators/artisans had since been trained and the equipment serviced. Mwinilunga District Council would now ensure that all the equipment would be serviced at the stipulated time.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that the tools were moved, but no stock management record was prepared contrary to Financial Regulations. Your Committee urges the Controlling Officer to take appropriate disciplinary action against the officers involved. Your Committee further directs the Controlling Officer to submit all documentation relevant to this matter to the Auditor General for audit verification. Your Committee will await a progress report on the matter.

y) **Failure to Deliver and Install Transformers**

**Solwezi Municipal Council**

The Controlling Officer submitted that the delay by ZESCO to install fully paid for transformers at Lwamala Health Center and Kyafukuma Primary school led to this query. The Controlling Officer also submitted that ZESCO had since delivered and installed the transformer at Kyafukuma Health Centre and the Clinic was fully powered with electricity. The Council was still awaiting the installation of the transformer at Luamala Primary School. The Ministry made an earnest appeal to ZESCO to quicken the delivery of transformers as this was delaying the benefits that the communities were supposed to be enjoying.
Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that there is strict adherence to circulars and CDF Guidelines. Your Committee also urges the Controlling Officer to continue liaising with ZESCO to expedite the process of providing power to the school. Your Committee awaits a progress report on the matter.

Ndola City Council - K60,723.95

The Controlling Officer submitted that the two transformers which were procured by Ndola City Council at a total cost of K60,723.95 were not delivered at the time of audit by ZESCO because they were out of stock. The Controlling Officer submitted that one transformer for George School purchased at a cost of K30,068 had been delivered. However, ZESCO had assured the Council that the delivery of the second transformer would be done within the first quarter of 2016. Correspondence from ZESCO was available for audit verification. The Controlling Officer further submitted that in future, Ndola City Council would ensure that goods are delivered within stipulated time.

Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that he continues impressing upon ZESCO so that the remaining transformers can be delivered, promptly. Your Committee will await a progress report on the matter.

z) Undelivered Tipper Truck – Ndola City Council

The Controlling Officer submitted to your Committee that the non-delivery of the tipper truck to the Council was as a result of failure by the supplier to honour their obligation. The Council had since commenced legal action against the supplier and the matter was being handled by the Ndola High Court.

Committee’s Observations and Recommendations

As the matter is in court, your Committee resolves to await a progress report on the court case.

aa) Variation without Authority for the Procurement of a Tipper Truck – Kabwe Municipal Council

The Controlling Officer submitted to your Committee that at the time the Council entered into the contract with the supplier, the validity of the bid had expired and there was need to revise their price as the kwacha had depreciated against the dollar. The supplier indicated from ITB 16.1 of the bidding document that the stipulated validity period of ninety days had expired, since the variation was done in February, 2014 and the award came in August, 2014 tender. The Council approved the variation for the procurement of a tipper truck. The Council would in future seek authority from the relevant authorities before any variation.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who effected the variation without authority and urges him to ensure that procedures are adhered to at all times. Your Committee, however, resolves to close the matter subject to audit verification.
bb) Unreimbursed Borrowing – Mulobezi District Council

The Controlling Officer submitted to your Committee that the Council had not yet reimbursed the borrowed funds at the time of audit due to inadequate revenues. The Council had since reimbursed the K50,000 that was borrowed. The letter of transfer of funds was available for verification. The Council had since resolved that all borrowed funds would be reimbursed on time.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against all the officers who authorised the borrowing of the funds in violation of the law. Your Committee will await a progress report on the matter.

c) Project Management

i. Western Province

• Construction of 1x3 Semi-detached Staff House at Mutalaiti Basic School
  The Controlling Officer submitted that the structure had since been completed and occupied.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

• Construction of 1x3 Semi-detached Staff House at Lulambo Basic School
  The Controlling Officer submitted that the structure had been completed and occupied.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

• Construction of 1x3 Semi-detached Staff Houses at Kaama Basic School and Construction of 1x3 Classroom Block at Ndau Basic School
  The Controlling Officer submitted that the school managements at Ndau and Kaama Basic schools revealed that the delay in completing the construction was due to the late delivery of materials to the sites and also poor community participation in providing stones for the construction. The contractors were also not always on site. At Ndau Basic School, the project was 95% complete while at Kaama Basic School, the door step and the door frame had since been rectified.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the projects are completed expeditiously and that supervision is enhanced in all the projects to avoid poor workmanship. Your Committee also urges the Controlling Officer to ensure that councils engage the community before commencement of the project to enable them to participate fully in the projects. Your Committee resolves to await a progress report on the completion of works at Kaama and Ndau Basic School.
OTHER INFRASTRUCTURE PROJECTS

WESTERN PROVINCE

MWANDI

Construction of a 1x3 Classroom Block at Magumwi Primary School
The Controlling Officer submitted that the Project was not complete because the site was handed over in the rainy season and it was inaccessible. However, the 1x3 classroom block was completed and commissioned on 26th January, 2016.

Committee’s Observations and Recommendations
Your Committee resolves to close the matter subject to audit verification.

MONGU

Drilling of two Boreholes
The Controlling Officer submitted that the Council paid the contractor based on the assessment of the works that were done.

Committee’s Observations and Recommendations
Your Committee urges the Controlling Officer to ensure that siting of boreholes should be carefully done before drilling boreholes to avoid recurrence and loss of Government funds. Your Committee resolves to close the matter subject to audit verification.

Construction of Yuka Traditional Court
The Controlling Officer submitted that works were on going.

Committee’s Observations and Recommendations
Your Committee resolves to await a progress report on the matter.

Construction of a Kitchen for Sefula School for the Blind
The Controlling Officer submitted that the variation for a concrete firewood cooking bay was approved by the Council.

Committee’s Observations and Recommendations
Your Committee resolves to close the matter subject to audit verification.

Construction of a Waiting Shelter at Mongu Urban Clinic
The Controlling Officer submitted that the shelter had been roofed and the only outstanding works were plastering and painting.

Committee’s Observations and Recommendations
Your Committee urges the Controlling Officer to ensure that works are completed without any further delay. A progress report is awaited by your Committee.

Rehabilitation of Blown off Roof at Looma Primary School
The Controlling Officer submitted that beam filling had not yet been done due to inadequate funds.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that works are completed without any further delay. A progress report is awaited by your Committee.

Completion of Najeko Health Post
The Controlling Officer submitted that the health post had since been completed, but the window panes were vandalised.

Committee’s Observations and Recommendations

The Controlling Officer is urged to ensure that funds are secured to repair the vandalised window panes. A progress report is awaited by your Committee.

KAOMA

Completion of 1 x 3 Classroom Block at Kamuni Primary School
The Controlling Officer submitted that all the works that had remained were done and the 1 x 3 classroom block at Kamuni was completed.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

Construction of two Staff Houses at Chitwa Police Post
The Controlling Officer submitted that all the works that had remained were done and the two staff houses at Chitwa Police Post were completed.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

Completion of 1 x 2 Classroom Block at Kanabilumbu Primary School
The Controlling Officer submitted that all the works that had remained were done and the 1 x 2 classroom block was completed.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

Construction of Police Post in Kaoma Township
The Controlling Officer submitted that the construction of the police post had since been completed and was awaiting connection to the grid by ZESCO.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

MULOBZI

Construction
The Controlling Officer submitted that at the time of audit, the Council was still in the process of engaging a contractor. The contractor was engaged and the maternity wing at Mulauli Health Post had since been completed.
Committee’s Observations and Recommendations

Your Committee finds it unacceptable that materials were purchased before engaging a contractor as it is possible that some materials could have gone to waste due to lapse of time. Your Committee, therefore, urges the Controlling Officer to ensure that the matter does not recur in order to avoid losses. Your Committee resolves to close the matter subject to audit verification.

Procurement
The Controlling Officer submitted that by the time the pump was being procured, the borehole had been vandalised and therefore, the pump could not be installed. The Council had requested the community to identify another borehole where the procured pump could be installed.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that public property is secured in order to avoid vandalism as was the case with this borehole. Your Committee further directs the Controlling Officer to ensure that the borehole is rehabilitated and fully equipped in order for the benefits of this expenditure to be enjoyed by the intended beneficiaries. Your Committee will await a progress report on the matter.

Construction of a Staff House at Mulauli Primary School
The Controlling Officer submitted that at the time of audit, the Council was still in the process of engaging a contractor. The contractor was engaged on 13th November, 2015 and the staff house was 100 percent complete. A completion certificate was available for verification.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that materials are purchased before the contractor was engaged as it was likely that some material could have gone to waste due to lapse of time. The Controlling Officer is, therefore, urged to ensure that the matter does not recur to avoid losses. Your Committee resolves to close the matter subject to audit verification.

Construction of a 1x3 Staff House Block at Sichili Mission Hospital
The Controlling Officer submitted that the project was delayed due to failure by the community to mobilise materials which were required before commencement of the project on time. However, materials were mobilised and the staff house was completed.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

Construction of a 1x2 Classroom Block at Samisisi School
The Controlling Officer submitted that the project was delayed due to failure by the community to mobilise materials which were required before the project could commence. The cement and paints did not expire and were used on the same project. The completion certificate was available for audit verification.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

Construction of 1x2 Classroom Block at Kamanga Primary School
The Controlling Officer submitted that the project was delayed due to failure by the community to mobilise the necessary materials on time because of the distance between the project site and where
crushed stones were found. The cement and paints did not actually expire and were used on the same project. The completion certificate was available for audit verification.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

Construction of 1x2 Classroom Block at Tukongote Primary School
The Controlling Officer submitted that the project was delayed due to failure by the community to mobilise the necessary materials on time because of the distance between the project site and where crushed stones were found. The cement and paints did not expire and were used on the same project. The 1 x 2 classroom block was 90 percent completed.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the project is completed expeditiously and submit a progress report on the matter.

Construction of 1x2 Classroom Block at Kasima Primary School
The Controlling Officer submitted that the project was delayed due to failure by the community to mobilise the necessary materials on time because of the distance between the project site and where crushed stones were found. The project was now 95 percent completed.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the project is completed expeditiously and submit a progress report on the matter.

Construction of a Primary Health Care Block in Sisibi
The Controlling Officer submitted that the project was delayed due to failure by the community to mobilise the necessary materials on time because of the distance between the project site and where crushed stones were found. However, the health post was now completed.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

Construction of a Staff House at Mulanga Primary School
The Controlling Officer submitted that the project had stalled due to failure by the community to mobilise enough materials. The cracks were worked on and the staff house was completed.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

Renovation of Sichili Health Centre
The Controlling Officer submitted that the cracks developed because the renovations were being done on an old building which had a weak substructure. However, the cracks and the leaking roof were repaired.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.
SHANGOMBO-SINJEMBELA

Construction of Kwandu Community Radio Station
The Controlling Officer submitted that the radio station project still remained incomplete due to inadequate funding. The payment vouchers amounting to K90,000 were not available at the time of audit as they were with the law enforcement agencies.

Committee’s Observations and Recommendations

Your Committee expresses concern that the Controlling Officer does not appear to be proactive in sourcing additional funding to complete the project. In this vein, your Committee urges the Controlling Officer to make efforts to source some funding for the completion of the project to avoid the expenditure going to waste. Your Committee resolves to await a progress report on the matter. Your Committee resolves to close the matter subject to audit verification.

Completion of 1x2 Classroom Block at Malala Community School
The Controlling Officer submitted that the project remained incomplete due to inadequate funds.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to endeavour to secure some funds to complete the project. Your Committee awaits a progress report on the matter.

Completion of Staff House at Liyuwayuwa Primary School
The Controlling Officer submitted that the project remained incomplete due to inadequate funds.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to endeavour to secure some funds to complete the project. Your Committee awaits a progress report on the matter.

Completion of a Staff House at Mboiwa Primary School
The Controlling Officer submitted that the project had since been completed and works were available for inspection.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

LUAPULA PROVINCE

SAMFYA Chifunabuli

Rehabilitation of 1x2 Classroom Block Mashitolo Primary School
The Controlling Officer submitted that the works had stalled because the contractor had run out of materials. The works were still in progress.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that funds are expeditiously secured to complete the project. Your Committee awaits a progress report on the matter.
Construction of Staff House at Kapilibila Primary School
The Controlling Officer submitted that the poor workmanship was due to lack of skill on the part of the community who contributed their labour to the project and use of substandard materials. The repair works were in progress.

Committee’s Observations and Recommendations
Your Committee urges the Controlling Officer to ensure that project supervision is strengthened in order to avert cases of poor workmanship. Further, your Committee urges the Controlling Officer to ensure that works are completed without any further delay. Your Committee awaits a progress report on the matter.

MWENSE

Construction of 1x3 Staff House Block at Lwamfwe Primary School
The Controlling Officer submitted that the works were still incomplete and the Council was pursuing the matter with the contractor.

Committee’s Observations and Recommendations
Your Committee expresses concern at the inordinate delay in the completion of the project and expresses concern that the Controlling Officer has not seen it fit to seek legal redress on this matter. Your Committee urges the Controlling Officer to make concerted efforts to compel the contractor to complete the project or seek legal redress in accordance with the provisions of the contract. Your Committee will await a progress report on the matter.

Construction of 1x3 Staff House Block at Kankomba Primary School
The Controlling Officer submitted that the works were still incomplete and the Council was pursuing the matter with the contractor.

Committee’s Observations and Recommendations
Your Committee expresses concern at the inordinate delay in the completion of the project and expresses concern that the Controlling Officer has not seen it fit to seek legal redress on this matter. Your Committee urges the Controlling Officer to make concerted efforts to compel the contractor to complete the project or seek legal redress in accordance with the provisions of the contract. Your Committee will await a progress report on the matter.

Construction of Water Borne Toilets at Nsakaluba Primary School
The Controlling Officer submitted that the works stalled after the Ministry of General Education proposed changes to the design of the toilet as the contractor abandoned the site thereafter. The Council was considering cancelling the contract.

Committee’s Observations and Recommendations
Your Committee is concerned that the Controlling Officer has not taken any initiative to resolve this issue after the project stalled. Your Committee is disappointed at the inordinate delay in the completion of the project and expresses concern that the Controlling Officer has not seen it fit to seek legal redress on this matter. Your Committee urges the Controlling Officer to make concerted efforts to compel the contractor to complete the project or seek legal redress in accordance with the provisions of the contract. Your Committee will await a progress report on the matter.
KAWAMBWA

Construction of a Health Post at Myengele
The Controlling Officer submitted that the works stalled after the Ministry of General Education proposed changes to the design of the toilet. The contractor abandoned the site thereafter and the Council was considering cancellation of the contract.

Committee’s Observations and Recommendations
Your Committee expresses concern at the inordinate delay in the completion of the project and expresses concern that the Controlling Officer has not seen it fit to seek legal redress on this matter. Your Committee urges the Controlling Officer to make concerted efforts to compel the contractor to complete the project or seek legal redress in accordance with the provisions of the contract. Your Committee will await a progress report on the matter.

Construction of a Juvenile Cell
The Controlling Officer submitted that the project had an extension of time and had since been completed.

Committee’s Observations and Recommendations
Your Committee recommends the matter for closure subject to audit verification.

Construction of a Staff House at Poosa Primary School
The Controlling Officer submitted that the staff house at Poosa Primary School had been completed.

Committee’s Observations and Recommendations
The matter is recommended for closure subject to audit verification.

MANSA

Construction of a 1 x 3 Classroom Block at Matelo Primary School
The Controlling Officer submitted that the staff house at Poosa Primary School had since completed.

Committee’s Observations and Recommendations
Your Committee recommended the matter for closure subject to audit verification.

Construction of Market Shelter at Namwandwe
The Controlling Officer submitted that the works were progressing as the foundation had been done.

Committee’s Observations and Recommendations
Your Committee urges the Controlling Officer to ensure that the works are completed expeditiously and closely supervise the project in order to avoid poor workmanship. Your Committee awaits a progress report on the matter.

NORTH-WESTERN

KABOMPO

Construction of a 1x2 Classroom Block at Luputa Community School
The Controlling Officer submitted that the project was not completed on time due to delay by the
contractor to commence works. However, the project was completed and the protruding trusses were rectified.

Committee’s Observations and Recommendations

Your Committee reminds the Controlling Officer to, in future, ensure close supervision of Contractors in order to avoid such delay. The matter is recommended for closure subject to audit verification.

Construction of an Ablution Block, Septic Tank and Soakaway at Musamba Market

The Controlling Officer submitted that the remaining works on the project were undertaken by the contractor. Furthermore, the K9,000 advance payment was recovered. The project was awaiting commissioning.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Construction of a Community Radio Station in Kabompo

The Controlling Officer submitted that the construction of drainage, plumbing and installation of air conditioning system at Kabompo Community radio station were done.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

SOLWEZI

Construction of an Ablution Block, Septic Tank and Soakaway at Main Market

The Controlling Officer submitted that the Council had indicated that there was no such project among the projects the Council was implementing in the District. The matter was reported to the auditor.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

Completion of Maternity Wing at Kazomba Clinic

The Controlling Officer submitted that the clinic had since been completed and verified by the Auditor General.

Committee's Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Rehabilitation of the Bridge at Kazomba/ Kawama

The Controlling Officer submitted that the project was successfully completed and the community was currently using the facility. However, the project developed the said defects after handover. The Council was currently undertaking corrective measures on the project.

Committee’s Observations and Recommendations

Your Committee expresses concern whether the contract did not have a provision for defects liability period during which the contractor could be compelled to remedy defects on the project.
Your Committee urges the Controlling Officer to ensure that such a clause is incorporated into all construction contracts to avoid spending more public funds on such projects when defects develop. Further, your Committee implores the Controlling Officer to follow up this matter so that the contractor meets the costs of repairing the defects. Your Committee awaits a progress report on the matter.

**Rehabilitation of the Bridge at Kizhingezhinge/Urban**
The Controlling Officer submitted that the project was successfully completed and the community was currently using the facility. However, the project developed the said defects after handover. The Council was currently undertaking corrective measures.

**Committee’s Observations and Recommendations**
Your Committee expresses concern whether the contract did not have a provision for defects liability period during which the contractor could be compelled to remedy defects on the project. Your Committee urges the Controlling Officer to ensure that such a clause is incorporated into all construction contracts to avoid spending more public funds on such projects when defects develop. Further, your Committee implores the Controlling Officer to follow up this matter so that the contractor meets the costs of repairing the defects. Your Committee awaits a progress report on the matter.

**Completion of Construction of a Clinic at Kandemba Clinic**
The Controlling Officer submitted that at the time of the audit, the project was not yet completed and the contractor was still on site. The project had since been completed and was awaiting official handover.

**Committee’s Observations and Recommendations**
Your Committee recommends that the matter be closed subject to audit verification.

**Construction of Muzabula Rural Health Centre**
The Controlling Officer submitted that the project had been fully completed and was just awaiting formal handover. The Auditor General had since verified the completion of the project.

**Committee’s Observations and Recommendations**
Your Committee recommends the matter for closure.

**Construction of a Staff house at Kambulubulu Primary School**
The Controlling Officer submitted that the allocation was inadequate to complete the staff house and because of this, some additional allocation was made available under CDF 2014/2015 funding to complete the remaining works. The procurement process to complete the project had since commenced.

**Committee’s Observations and Recommendations**
Your Committee urges the Controlling Officer to ensure that adequate provisions are made for CDF projects as per the Guidelines. Your Committee further urges the Controlling Officer to ensure that works are completed expeditiously and submit a progress report on the matter.

**Completion of 1 x 3 Classroom Block at Tundula Primary School**
The Controlling Officer submitted that the project was labour based and its allocation was inadequate. The outstanding works could not be undertaken as a result of inadequate funding. Funds would be made available in the subsequent CDF allocation.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that CDF projects are fully budgeted for as per the Guidelines. Further, your Committee recommends that additional funds be sourced to complete the remaining works expeditiously. Your Committee awaits a progress report on the matter.

Construction of 1 x 2 Class Room Block at Kakinada Community School
The Controlling Officer submitted that the project was labour based and its allocation was inadequate. The remaining works were as a result of inadequate funding. Funds will be made available in the subsequent CDF allocation.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all CDF projects are fully budgeted for to avoid incomplete projects. Further, your Committee implores the Controlling Officer to ensure that additional funds are sourced to complete the remaining works expeditiously. Your Committee awaits a progress report on the matter.

Construction of a Staff house at Shiinda Primary School
The Controlling Officer submitted that the allocation was inadequate to complete the works and additional funds were secured from the 2024/15 funding to complete the remaining works. The procurement process had commenced and works would soon start.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all CDF projects are fully budgeted for to avoid incomplete projects. Further, your Committee implores the Controlling Officer to ensure that additional funds are sourced to complete the remaining works expeditiously. Your Committee awaits a progress report on the matter.

Construction of 1 x 2 Class Room Block at Mbole Primary School
The Controlling Officer submitted that the project had been completed and was verified by the Auditor General. The matter is recommended for closure.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

Completion of 1 x 3 Class Room Block at Kabisapi Secondary School
The Controlling Officer submitted that the project had been fully completed and was verified by the Auditor General.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

Construction of a Market Shelter at Kibombomene
The Controlling Officer submitted that the contractor was on site to work on the identified defects. The works were expected to be completed within a month.

Committee’s Observations and Recommendations

Your Committee awaits a progress report on the matter.
KASEMPA

Grading of 35 km road
The Controlling Officer submitted that the mitre drains would be done as soon as the rainy season came to an end.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the works are completed expeditiously and your Committee awaits a progress report on the matter.

Completion of Clinic, Construction of Staff House and VIP Toilet at Shivuma
The Controlling Officer submitted that all the works at the clinic, staff house and VIP toilets were completed. These works were inspected by the Auditor General and were recommended for closure.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

COPPERBELT PROVINCE

LUANSHYA

Clinic Extension - Roan General Hospital
The Controlling Officer submitted that Luanshya Municipal Council had withheld the final payment for the contractor until all outstanding works were completed.

Committee’s Observations and Recommendations

Your Committee awaits a progress report on the completion of the works.

Construction of a Boundary Wall Fence at Clinic 25 – Roan General Hospital
The Controlling Officer submitted that the boundary wall fence had since been completed.

Committee's Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Construction of New Block of Wards at Section 25 Clinic
The Controlling Officer submitted that the contractor was on site and was expected to complete the works by the end of February, 2016.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that works are completed expeditiously and awaits a progress report on the matter.

Kafubu Block Clinic and Maternity Wing Construction
The Controlling Officer submitted that the contractor had since completed the works and rectified all the defects.
Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Walale Clinic and Maternity Wing Construction
The Controlling Officer submitted that the contractor had since completed the works and rectified all the defects.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Construction of Ndeke Police Post
The Controlling Officer submitted that Luanshya Municipal Council had commenced legal action against the contractor for abandoning the site for unknown reasons and before works could be completed. He also added that the allocation was inadequate to complete the staff house and for this additional allocation was made available under CDF 2014/2015 funding to complete the remaining works. The procurement process to complete the project had since commenced.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the matter relating to the contractor is followed up to its logical conclusion and that works on the project are completed in time. Your Committee awaits a progress report on the matter.

Construction of Kamirenda Clinic
The Controlling Officer submitted that Luanshya Municipal Council terminated this contract for non-compliance and the works had been re-advertised.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that applicable damages are claimed from the contractor and that the process of engaging a new contractor is expedited in order not to delay the project. Your Committee awaits a progress report on the matter.

Construction of new clinic at Franco
The Controlling Officer submitted that the contractor had since completed the works.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

MPONGWE

Kabulima Stream in Minkoyo Kasamba Ward
The Controlling Officer submitted that all the outstanding works on stone pitching and embankment were done. Similarly, the bridge was completed and in use.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Completion of Maternity Wing
The Controlling Officer submitted that the floor works were not part of this contract. However, the
Council in collaboration with the Ministry of Health would mobilise funds to work on the floor and ceiling board.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that funds are secured to complete the works. Your Committee awaits a progress report on the matter.

KALULUSHI

Construction of 1x2 Classroom Block and Double VIP Latrine at Musakashi Primary School
The Controlling Officer submitted that the works had delayed due to the slow pace at which the contractor was working. However, the 1 x 2 classroom block had the window frames fixed, flooring and plastering done. The VIP latrines were roofed and plastered. The works were still in progress.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure close supervision of the contractor so that the project can be completed expeditiously. Your Committee resolves to await a progress report on the matter.

Street Lighting
The Controlling Officer submitted that the street lights were connected and this was verified by the Auditor General during an inspection visit.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

EASTERN PROVINCE

CHIPATA

Construction of a Saturday Market Shelter
The Controlling Officer submitted that the market shelter had since been completed.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

PETAUKE

Mushashamhango Community Recreation Hall at Chamanika Village
The Controlling Officer submitted that all the works that were remaining at the community hall were progressing and the project was nearing completion. Only plastering and painting works were remaining.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the project is completed expeditiously and resolves to await a progress report on the matter.

Construction of In-Situ Box Culvert at Minga-Mungomba Road
The Controlling Officer submitted that all the works that were remaining at Minga-Mungomba road had since been completed.
Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Construction of 1x3 Classroom Block at Lusinde Primary School
The Controlling Officer submitted that all the works that were remaining had since been completed.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

Construction of 1x3 Classroom Block at Kanyanga Primary School
The Controlling Officer submitted that the projects were not completed on time due to shortage of building materials in Petauke District. However, the 1 x 3 classroom block at Kanyanga Primary School was completed.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

KATETE

Construction of a Staff House with a Kitchen at Chavuka Community School
The Controlling Officer submitted that the project was progressing and works were at ring beam level.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the project is completed expeditiously and resolves to await a progress report on the matter.

Construction of a 1 x 3 Classroom Block at Vulamukoko
The Controlling Officer submitted that the construction of 1 x 3 classroom block at Vulamukoko had reached slab level.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the project is completed expeditiously and resolves to await a progress report on the matter.

Construction of Mwaziputa Health Post
The Controlling Officer submitted that the Mwaziputa Health Post project was now at wall plate level.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the project is completed expeditiously and resolves to await a progress report on the matter.

Construction of Lupande Culverts in Chindwele Ward
The Controlling Officer submitted that the construction of Lupande culverts had since been completed.
Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Completion of a Staff House at Mwandafisi Primary School
The Controlling Officer submitted that the roofing and iron mongery was done and that painting would be commencing soon.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

CHADIZA

Rehabilitation of D128 Road from Chainage 0.0 km to Chiyambi Primary School
The Controlling Officer submitted that the bills of quantities were changed and instead of culverts, embankments were constructed.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the project is carried out in accordance with the designs and that where there are any variations on the designs or scope of works, approval is sought through a full Council sitting. Your Committee finds it unacceptable that works which had not been done were certified. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against all the officers responsible for this and that the works are completed without delay. Your Committee awaits a progress report.

MUCHINGA PROVINCE

NAKONDE
The Controlling Officer submitted that the project was not fully funded up to completion, but was funded 75 percent. The outstanding works would be funded from the 2014 CDF whose budget was approved.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the project is completed by ensuring that the budgeted funds are released to it. Your Committee awaits a progress report on the completion of the project.

Construction of a Health Centre in Katongo
The Controlling Officer submitted that the project was progressing. The only remaining work was the ceiling board in the veranda.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the project is completed expeditiously. Your Committee awaits a progress report on the matter.

Completion of a Staff House at Upukwe Primary School
The Controlling Officer submitted that the works had now been completed and these included fitting of two doors, window frames and glazing.
Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Establishment of Suwilanji Community Radio Station
The Controlling Officer submitted that the glasses had not been fitted because the Media Institute of Southern African (MISA) Zambia inspectors advised the Council not to fit the glasses as the rooms were too small to be demarcated.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Completion of 1x3 Classroom Block at Munduwantanga Primary school
The Controlling Officer submitted that this was not part of the projects for Nakonde District Council.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

MPIKA

Completion of 1x 3 Classroom Block at Chafye Primary School
The Controlling Officer submitted that all the defects at Chafye Primary School were rectified.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Construction of a storage shed for Manshya farmers
The Controlling Officer submitted that the project had since been completed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Completion of Under - Five Shelter - Chintu Community
The Controlling Officer submitted that the entire crack and the peeling walls had since been rectified.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Construction of 1 x 2 Classroom Block at Nkoto Community School
The Controlling Officer submitted that the project had since been completed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Completion of Mpumba RHC- Mpumba RHC (Annex)
The Controlling Officer submitted that the project had since been completed.
Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Completion of One School Staff House - Muchelenje Primary
The Controlling Officer submitted that the project had since been completed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Musenga Kabanda Maize Slab
The Controlling Officer submitted that the project had since been completed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Completion of 1x2 Classroom Block at Makumbi
The Controlling Officer submitted that the project had since been completed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

ISOKA

Construction of a Visitors Shelter at Chief Kafwibi’s Palace
The Controlling Officer submitted that the remaining works had since been done and verified by the Auditor General after an inspection in December, 2015.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

CENTRAL PROVINCE

MUMBWA

Construction of a Three Bedroomeed House at Muleke Community School
The Controlling Officer submitted that the works were delayed due to failure by the community to mobilise the requisite materials. The community had been advised to apply for more funds in order to complete the community school.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to follow up the matter and ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Construction of a Market Shelter
The Controlling Officer submitted that the works were delayed due to failure by the community to mobilise the requisite materials. The community had been advised to apply for more funds in order to complete the market shelter.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to follow up the matter and ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Construction of a staff house at Shiwezwa Community School
The Controlling Officer submitted that works were delayed due to failure by the community to mobilise the requisite materials. The community had been advised to apply for more funds in order to complete the community school.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Construction of Foot Bridge at Mupona
The Controlling Officer submitted that the cause of the cracks were heavy trucks using the bridge. The Council was engaging the contractor so that repair works could be done.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Completion of a Primary School at Kamilambo
The Controlling Officer submitted that works were delayed due to failure by the community to mobilise the requisite materials. The community had been advised to apply for more funds in order to complete the project.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Completion of Mumba Bridge
The Controlling Officer submitted that the works were delayed due to failure by the community to mobilise the requisite materials. The Council was engaging the contractor so that repair works could be done.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

KABWE

Electrification of Kangomba Primary School
The Controlling Officer submitted that the delay in electrifying the school was caused by ZESCO. The electric poles were erected and only installation of power transmission cables was remaining.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.
Completion of Ablution Block at Mukobeko Primary School
The Controlling Officer submitted that the delay in completing the ablution block was caused by the contractor. However, the Council intended to use the 5 percent retention funds to complete the ablution block.

Committee’s Observations and Recommendations
Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. The Controlling Officer should also follow up the contractor to claim the damages if applicable. Your Committee awaits a progress report on the matter.

Construction of Ablution Block at Mukobeko Mini Hospital School
The Controlling Officer submitted that the cracks had developed due to poor curing of the floor. The remedial works had already been planned using the 5 percent retention funds.

Committee’s Observations and Recommendations
Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Extension of an Admission Ward at Kasavasa Health Centre
The Controlling Officer submitted that the works had stalled due to demands by the community that the contractor should also work on the old ward. The Council had allocated some Ward Development Funds for both wards to be worked on.

Committee’s Observations and Recommendations
Your Committee urges the Controlling Officer to remind the officers to adhere to procedures even in the face of public pressure. Your Committee further urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Rehabilitation of Shamabanse Market Shelter
The Controlling Officer submitted that works at the market stalled because of inadequate funds. The project has been included in the 2016 allocation of funds.

Committee’s Observations and Recommendations
Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Construction of Magadanyama Police Post
The Controlling Officer submitted that the scope of works only had the substructure, reinforced concrete, walling and partitioning. The remaining works would be done under phase II and funds had been allocated for this purpose.

Committee’s Observations and Recommendations
Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Construction of Ablution Block at Kalukungu Market
The Controlling Officer submitted that a new contractor had been engaged to remedy the shoddy works and also embark on phase II of the project, which included external works.
Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the responsible officers to supervise the works. Your Committee urges the Controlling Officer to ensure that the erring officers are disciplined without undue delay. Further, your Committee urges the Controlling Officer to ensure that the Council asserts its full rights against the contractor. In this regard, Council should claim damages for breach of contract from the contractor, especially if the defects liability period is still in force. Your Committee also urges the Controlling Officer to ensure that the shoddy works are corrected without any further delay. Your Committee awaits a progress report.

Rehabilitation of Ablution Block at Mwashi Basic School
The Controlling Officer submitted that a new contractor had been engaged to remedy the shoddy works and also embark on phase II of the project which includes external works.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the responsible officers to supervise the works. Your Committee urges the Controlling Officer to ensure that the erring officers are disciplined without undue delay. Further, your Committee urges the Controlling Officer to ensure that the Council asserts its full rights against the contractor. In this regard, Council should claim damages for breach of contract from the contractor, especially if the defects liability period is still in force. Your Committee also urges the Controlling Officer to ensure that the shoddy works are corrected without any further delay. Your Committee awaits a progress report.

Construction of a Maternity Ward at Chowa Health Centre
The Controlling Officer submitted that the works stalled due to inadequate funds. The project would be allocated more funds in order to be completed.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that additional funding is secured and that all works are completed without any further delay. Your Committee awaits a progress report.

Construction of a Wall fence at Kasanda Health Centre
The Controlling Officer submitted that the works were delayed due to financial challenges on the part of the contractor. The Council had since re-advertised the works.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report.

Construction of Maternity Wing in Waya Ward
The Controlling Officer submitted that the Council paid the K30,000 due to legal costs incurred. The Council had further allocated additional funds for the completion of this project.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all relevant information should be provided to the auditors during the audit in order to avoid unnecessary queries. Further, your Committee is concerned to why the payment of K30,000 did not have details showing that part of it related to legal costs. In light of this, your Committee urges the Controlling Officer to take appropriate disciplinary action against the officers responsible for these lapses. Your Committee
Further urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report.

**Drilling and Equipping of a Borehole at New Mpima Day school**
The Controlling Officer submitted that works had not been completed because the Department of Water Affairs that was paid to do the works had not moved on site. The Council had written to the Department over this.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to take appropriate disciplinary measures against the officers in the Water Affairs Department who failed to undertake the works after the Department was paid. Your Committee also urges the Controlling Officer to ensure that all works are done without any further delay by aggressively pursuing the matter with the Water Affairs Department. Your Committee awaits a progress report.

**KAPIRI MPOSHI**

**Completion of Likumbi Rural Health Centre, Double VIP toilet, Showers, and Incinerator**
The Controlling Officer submitted that outstanding works had been done and completed.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

**Medium Cost Staff House at Nkole Police Post**
The Controlling Officer submitted that all the defects that were identified had since been worked on.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

**Construction of Ablution Block at Turn Off**
The Controlling Officer submitted that works had stalled due to an under estimation of of materials in the bill of quantities. The Council had since procured additional materials and works were in progress.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

**MKUSHI**

**Construction of a Staff House at Katuba Health Centre**
The Controlling Officer submitted that all the outstanding works were completed and the staff house had been handed over to the Council by the contractor. Furthermore, the stage certificates showing the works done had been attached. The matter was verified by the Auditor General after an inspection meeting.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter.

**Construction of 1 x 3 Classroom Block at Kasalamankanga Primary School**
The Controlling Officer submitted that 1 x 3 classroom block at Kasalamankanga Primary School
was completed.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

**Construction of Nkolonga Market**
The Controlling Officer submitted that the 1 x 3 classroom block at Kasalamankanga Primary School was completed. Furthermore, the stage completion certificates were traced and attached to the payment vouchers.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

**Completion of a 1 x 2 Classroom Block at Fibanga Primary School**
The Controlling Officer submitted that the 1 x 3 classroom block at Fibanga Primary School was completed. Furthermore, all the defects on the structure had since been rectified. The Controlling Officer also stated that stage certificates showing all the works that were done had been attached.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

**LUSAKA PROVINCE**

**Construction of a Youth Centre in Chaisa**
The Controlling Officer submitted that the construction of the Youth Centre in Chaisa had since been completed.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

**Construction of Hillview Police Post (Libala)**
The Controlling Officer submitted that the Hillview Police Post in Libala had since been painted, but glazing works were yet to be done.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report.

**Street Lighting in Kabwata Constituency**
The Controlling Officer submitted that the six poles were located and verified by the Auditors.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

**Construction of a Football Pitch, Netball Court & Terraces**
The Controlling Officer submitted that the construction of the football and netball court stalled because of the land dispute between the Council and the Catholic Church who were claiming ownership of the land. The matter was before the courts of law.
Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the court case.

Construction of Burma Primary School Library
The Controlling Officer submitted that the outstanding works on this project at Burma Primary School had since been completed, except for painting which was still in progress.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report.

Extension and Renovation of Clinic at Civic Centre
The Controlling Officer submitted that the renovations and extension of the Civic Centre Clinic had since been completed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Construction of Linda Clinic
The Controlling Officer submitted that the contractor had since been instructed to resume works in order to complete the project in good time.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.

Construction of a Clinic at Soloboni Community
The Controlling Officer submitted that the contractor had since been written to, to correct the defects.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.

Construction of a Market Shelter at Chipongwe
The Controlling Officer submitted that the contractor had since been written to, to correct the defects.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.

LUANGWA

Sinking of Boreholes at Lubinga, Mpinga and Kapoche
The Controlling Officer submitted that the hand pump was installed and all the three boreholes were working. Furthermore, he stated that the tanks installed were 10,000 litres capacity each and not the 5,000 litres.
Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

SOUTHERN PROVINCE

LIVINGSTONE

Construction of Two Shelters and Rehabilitation of an Ablution Block at Mbita Cooperative Market: K195,000
The Controlling Officer submitted that Livingstone City Council was not able to complete the works because the number of poles in the initial bill of quantities needed to be varied from twelve to thirty-six and thereafter roof the shelters. The variation was submitted and approved by the Council and works would commence to complete the shelters.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that works are completed without any further delay and that in future, all relevant documents must be availed to the auditors during the time of audit. Your Committee urges the Controlling Officer to take disciplinary action against all the officers responsible for the failure to avail this information to the auditors. Your Committee awaits a progress report on the matter.

Construction of a 1x2 Teacher’s House at Natebe
The Controlling Officer submitted that Livingstone City Council managed to roof, plaster and fix the doors at Natebe Community School. The remaining works were painting and construction of spoon drains and these would be completed by the end of the first quarter of 2016.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report.

Construction of Dambwa North Police Post
The Controlling Officer submitted that Livingstone City Council had not yet completed the Dambwa North Police Post because of the need to vary the ceiling board works. The Zambia Police requested that the type of ceiling board in the cells be changed from an ordinary ceiling board to a concrete reinforced ceiling. The concrete reinforced ceiling was preferred in order to prevent criminals from escaping through the ceiling board.

Committee’s Observations and Recommendations

Your Committee expresses concern that the type of ceiling could not be determined at planning stage. Your Committee urges the Controlling Officer to take disciplinary action against the officers who were responsible for this lapse. Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

KALOMO

Construction of Rural Health Post and Toilets at Katungu
The Controlling Officer submitted that the construction of a rural health post and toilets at Katungu in Kalomo Central Constituency had been completed. The relevant documents to show proof of completion of the project were available for verification.
Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

Rehabilitation of Mwata Shed - at Mwata Market
The Controlling Officer submitted that the construction of a rural health post and toilets at Katungu in Kalomo Central Constituency had since been completed. The relevant documents to show proof of completion of the project were available for verification.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

Construction of a 1 x 3 Classroom Block at Chilaza Mutala Community School
The Controlling Officer submitted that the construction of the 1x3 classroom block at Mutala Community School in Kalomo Central Constituency had reached the targeted gable level. The funds that were released towards the project were meant to reach gable level. Additional funds had been allocated from the 2015 allocation of CDF to complete the project. The relevant documents were available for verification.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

MAZABUKA CENTRAL

Construction of Kabanje Primary School
The Controlling Officer submitted that Mazabuka Municipal Council completed this project and was handed over. The matter was verified.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

Construction of Mugoto Maternity Clinic Wing
The Controlling Officer submitted that Mazabuka Municipal Council had not completed the project as of August 2015 due to inadequate funds. Mazabuka Municipal Council planned to implement this project in phases. Therefore, the next allocation for this project would be from the 2015 CDF and this would enable the Council to complete all the outstanding works that were reported.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

PEMBA

Completion of Maternity Wing at Siamulela Health Post
The Controlling Officer submitted that the roof was done and works such as fitting of air vents, glazing, plastering and flooring were ongoing. The works were expected to be completed at the end of February, 2016.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Rehabilitation of 1 x 5 Classroom Block at Cheelo Basic School
The Controlling Officer submitted that works had been completed and were ready for audit verification.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

Construction of 1 x 2 Classroom Block at Siamuleya Primary School
The Controlling Officer submitted that the works were still on-going and were due to be completed by end of February, 2016.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Completion of 1 x 2 Classroom Block at Malamba Community School
The Controlling Officer submitted that following the monitoring of Constituency Development Fund projects, it was established that the glasses that were meant to be glazed to the school were used for teachers' houses. The committee through the headmaster had been directed to replace the glasses.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all works are completed without any further delay. Your Committee awaits a progress report on the matter.

Construction of Dip Tank at Kashongo Community
The Controlling Officer submitted that the dip tank at Kashongo community was roofed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

MINISTRY OF LOCAL GOVERNMENT AND HOUSING

AUDIT QUERY

DEPARTMENT : Local Government Administration
PROGRAMMES : Grants to Local Authorities
ACTIVITIES : Various

ACCOUNTING AND OTHER IRREGULARITIES

43. An examination of accounting and other records maintained at the Ministry headquarters, selected local authorities and physical inspections of selected projects carried out between July and August, 2015, revealed various weaknesses, to which the Controlling Officer responded as set out below.
a) **Missing Payment Vouchers - K1,471,686**

The Controlling Officer submitted to your Committee that the missing payment vouchers were largely as a result of poor record keeping by the responsible officers in the councils. The missing payment vouchers had since been traced and were available for verification. The councils had been urged to put in place effective records management systems in order to curb the problem of losing documents.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers in accordance with Financial Regulations. Further, your Committee urges the Controlling Officer to ensure that records management is strengthened at the local authorities. The matter is recommended for closure subject to verification.

b) **Unsupported Payments - K4,346,954**

- **Lundazi District Council - K63,012.8**

The Controlling Officer submitted to your Committee that Lundazi District Council made an agreement with Pension Funds (ZULAWU, NAPSA and LASF) to be depositing payments in respect of statutory contributions thereafter raise receipts and bring them to Lundazi Council. However, there were delays in delivering the receipts until at the time of audit.

The Controlling Officer also stated that Lundazi Council had made some headway to obtain the official receipts from ZULAWU, NAPSA and LASF although those institutions also were claiming in some case that they sent the receipts to the Council. In this vein, the Council had with immediate effect discontinued the system of depositing statutory payments into the pension institutions' accounts since the receipts were not brought to the Council on time.

**Committee’s Observations and Recommendations**

Your Committee reiterates that it is the Council's responsibility to maintain its records and this responsibility can not be passed onto the pensions institutions. In this regard, your Committee urges the Controlling Officer to institute disciplinary action against all the officers who failed to keep proper records. Your Committee directs the Controlling Officer to ensure that the receipts are collected from the recipients without any further delay. Your Committee awaits a progress report on the matter.

- **Shangombo District Council - K803,428**

The Controlling Officer submitted to your Committee that the Council regretted the failure to attach all the supporting documents for the payments it had made. The Council had, however, traced eleven payments amounting to K58,597.62 and their supporting documents were available for audit verifications. Meanwhile supporting documents for seventeen payment vouchers amounting to K744,830.52 had not been found and the Council was searching for them.

The Controlling Officer assured your Committee that in future he would ensure that all the necessary documents were attached before payments were effected.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers and also ensure that records management is strengthened in the local authorities. The Controlling Officer is further urged to ensure that all the remaining
documents are traced without any further delay. Your Committee awaits a progress report on the matter.

- **Isoka District Council – K117,621**
The Controlling Officer submitted that Isoka District Council submitted the supporting documents to the Office of the Auditor General for verification.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter.

- **Kasama Municipal Council – K963,857**
The Controlling Officer submitted that the query was raised due to payment vouchers not having calculations for the payment of retirees’ terminal benefits. The calculations were kept in the personal files. He, however, reported that the calculations for retirees had since been attached. The Controlling Officer assured your Committee that, in future, payments for terminal benefits would be accompanied by computations and copies of ledger cards.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that the documents were not provided to the Auditors at the time of the audit. In this regard, your Committee urges the Controlling Officer to institute disciplinary action against all the officers responsible for this lapse. Your Committee also implores the Controlling Officer to ensure that records management is strengthened at the local authorities. Your Committee awaits a progress report on this matter.

- **Mafinga District Council - K176,455**
The Controlling Officer submitted that supporting documents for the payments in question had been kept in the office of the Internal Auditor who was out of office at the time of audit. The Controlling Officer reported that all payment vouchers at Mafinga District Council had since been adequately supported and were available for verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against all the erring officers and to ensure that records management is strengthened at the local authorities. Your Committee awaits a progress report on the matter.

- **Solwezi Municipal Council – K760,084.09**
The Controlling Officer submitted that copies of retirement letters, death certificates and receipts had since been attached and were available for verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to avail the documents in question to the auditors. Your Committee also urges the Controlling Officer to ensure that records management is strengthened at the local authorities. Your Committee awaits a progress report on the matter.

- **Mbala Municipal Council - K757,499**
The Controlling Officer submitted that the attachments were not availed to the auditors at the time of audit because they had been misplaced. The schedules had since been located and attached to the payment vouchers and they were available for audit verification.
Further, the Council had since established a strongroom to secure all accountable documents. A senior officer had been assigned to be in charge and control access to the strongroom.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to avail the documents in question to the auditors. Your Committee also implores the Controlling Officer to ensure that records management is strengthened at the local authorities. Your Committee awaits a progress report on the matter.

• Mongu Municipal Council - K665,538
The Controlling Officer submitted that the documentation pertaining to payment to retirees could not be availed to the auditors during the audit because they were misfiled. The receipts for the payments to the statutory bodies could not be availed to the auditors because the receipts had not been collected from the statutory bodies at the time of audit. He, however, reported that all the documentation had been traced and were available for audit verification. Furthermore, the Council had written to LASF, ZRA, FIRESUZ and ZULAWU to avail the receipts. Copies of the letters were available for audit verification. The Controlling Officer also submitted to your Committee that the Council would in future, ensure that all receipts from clients were collected as soon as payments were made.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to avail the documents in question to the auditors. Your Committee also urges the Controlling Officer to ensure that records management is strengthened at the local authorities. Your Committee awaits a progress report on the matter.

c) Unapproved Payment Vouchers - K1,385,818

• Kazungula District Council - K1,021,556
The Controlling Officer submitted that all the approved payment vouchers were presented for audit verification.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

For both Mongu and Kasama Municipal Councils, the Controlling Officer submitted that the Principal Officer was not in the office to sign the salary payment at the time the payment was made. He, however, reported that the Chief Executive Officer signed the payment in retrospect. The payment voucher was available for audit verification. He also assured your Committee that the Council would ensure that all payments were duly approved before processing.

Committee’s Observations and Recommendations

Your Committee is dismayed that the Chief Executive Officer approved the payment retrospectively. Your Committee detests the fact that the Chief Executive Officer himself appears to be encouraging financial impropriety by this action. Therefore, your Committee urges the Controlling Officer to sternly reprimand the Chief Executive Officer and any
officers who perpetrated this impropriety. Your Committee will await a progress report on this matter.

d) Failure to provide Expenditure Details

- **Kazungula District Council - K89,936**
The Controlling Officer submitted to your Committee that Kazungula District Council prepared and submitted all the expenditure details for audit verification.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter.

- **Katete District Council - K123,572 and Shangombo - K20,400**
The Controlling Officer submitted that the unaccounted for amount was for salary vouchers which were not captured by the auditors during the exercise as they were misfiled. The Council had since traced all payments vouchers of the unaccounted for funds amounting to K123,572.00 and were available for verification. The Councils had separated the accounting of personal emoluments from other recurrent expenses.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to avail the documents in question to the auditors. Your Committee also urges the Controlling Officer to ensure that records management is strengthened at the local authorities. Your Committee awaits a progress report on the matter.

e) Unaccounted for Stores - K12,919 (General Stores – K8,780 and Fuel – K4,139)

- **Mafinga District Council - K2,234**
- **Luwingu District Council - K8,780**

The Controlling Officer submitted that two councils did not avail the receipt and disposal details in question due to misfiling resulting from lack of stores officers during the period under review. The Local Government Service Commission had since deployed a Stores Officer in these districts. The Controlling Officer also reported that all supporting documents which had been missing were now attached to the payment vouchers. These records were available for audit verification. Furthermore, he assured your Committee that the councils had resolved to put measures in place that would ensure that there was always accountability in the management of stores items.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to avail the documents in question to the auditors. Your Committee also urges the Controlling Officer to ensure that records management is strengthened at the local authorities. Your Committee awaits a progress report on the matter.

- **Shiwang’andu District Council - K1,905**

For Shiwangandu, the Controlling Officer submitted that the issue of unaccounted for stores arose as a result of unidentified entries in the fuel register at the time of the audit. He, however, reported that the unidentified entries were traced in the fuel register entry and therefore, there were no outstanding unaccounted for stores balances. He also pledged that, going forward, Shiwang’andu District Council would continue to abide by procedures and guidelines.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers for failure to maintain proper accounting records. Your Committee further urges the Controlling Officer to ensure that records management is strengthened at the local authorities. Your Committee awaits a progress report on the matter.

f) Failure to Remit Statutory Contributions

The Controlling Officer submitted that this was a common matter affecting all councils. The failure to remit statutory obligations was historical and could be attributed to the inability to raise sufficient revenue by most councils to cater for all personal emolument obligations. He added that he continued to urge councils to increase their revenue generation capacity and collection efficiency in order to increase funds in their coffers which would subsequently enhance their ability to meet statutory obligations. The Ministry had also embarked on a programme to update valuation rolls which would subsequently increase the revenue accruing to councils and hence cushion the pressure to meet statutory obligations as they fall due. The Controlling Officer pledged to your Committee that his Ministry would continue to help and encourage Local Authorities in identifying unique revenue streams that each council had and also exploit other areas of comparative advantage.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all statutory obligations are remitted in accordance with the requirements of the Income Tax Act (Chapter 323 of the laws of Zambia). Further, the Controlling Officer is advised to encourage the councils to come up with innovative revenue generation ventures that can enable them to improve their liquidity. The Secretary to the Treasury is, specifically, urged to ensure that enough funds are apportioned in the next budget to enable councils to pay their outstanding statutory obligations. Your Committee awaits a progress report.

g) Failure to Recover Salary Advances - K27,772

- Mafinga District Council - K17,472 and Shiwang’andu District Council - K1,200

The Controlling Officer submitted as set out below.

Mafinga District Council
The Council did not recover the salary advance on time due to a lapse on the part of the payroll officers. The recoveries had since commenced.

Shiwang’andu District Council
The Council had recovered the amount in full. The pay slips showing the recoveries were available for audit verification. He also assured your Committee that the councils had enhanced payroll controls to ensure that all advances paid out were recovered timely.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against all the officers who failed to effect recoveries and ensure that capacity is enhanced in the Accounts Department, specifically, the payroll unit to avoid such omissions. Your Committee awaits a progress report.
• **Chibombo District Council – K9,100**

As for Chibombo, the payroll computer which had all the information relating to the payroll was stolen, thereby making it difficult to provide information for effecting recoveries. He, however, submitted that the recoveries had since been effected starting in November, 2015 and documentary evidence to this effect were available for verification. The Controlling Officer assured your Committee that the Council had introduced a back-up system for the payroll information to avert a similar occurrence in the future. Further, the council offices had been physically secured through burglar bars and an improved locking system.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that a data back-up system is introduced which will cover all data at the Council to avert loss of critical information. Your Committee will await a progress report on the matter.

h) **Funds Not Received – Nsama - K90,000**

The Controlling Officer submitted that there was a lapse of time before it was discovered that the amount was not received by the Council. He reported that his office was working with the Council in order to trace the amount purported to have not been received by the Council. As a remedial measure, all funds were now being disbursed to the Councils directly by the Ministry of Finance and not the Ministry of Local Government and Housing.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the accounting officers at the Ministry Headquarters to inform the recipient Council of the funds released to it. Your Committee finds it highly irregular that the recipient Council did not know anything about the remittance, yet they are in dire need of funding. Your Committee strongly urges the Controlling Officer to take disciplinary action against the officers concerned in the Accounts Department as it is evident that bank reconciliations were not done regularly. Your Committee awaits a progress report on the matter.

i) **Irregularities in Payment of Salaries and Allowances**

i. **Irregular Payment of Rural Hardship Allowance - K168,025**

The Controlling Officer submitted that the Council made the payment on the understanding that the officers in question met the eligibility criteria when in fact they did not qualify. He, however, pledged that the council had been instructed to effect recoveries from officers who were paid rural hardship allowances irregularly. The Council had been urged to always consult the Ministry where the Conditions of Service were not clear.

**Committee’s Observations and Recommendations**

Your Committee finds the explanation given unacceptable and urges the Controlling Officer to institute disciplinary action against the erring officers for this irregularity. He is further urged to ensure that capacity is enhanced in the Accounts Department, specifically, the payroll unit, to avoid such omissions. Your Committee awaits a progress report on the matter.

ii. **Questionable Payments of Salary Arrears – Mongu - K11,000**

The Controlling Officer submitted that the accounts officer who maintained the salary ledgers was not at the station to avail the ledgers to the auditors. The ledgers for four officers had been retrieved and were available for audit verification. The Council had been
urged to avail the auditors all the information they needed in good time to enable them complete their reports on time.

Committee’s Observations and Recommendations

Your Committee is disappointed that the auditors did not receive the requisite cooperation during the audit. In this regard, your Committee urges the Controlling Officer to institute disciplinary action against the erring officers for this failure to provide the ledgers to the auditors. Your Committee awaits a progress report on the matter.

iii. Irregular Payment of Personal to Holder Allowance – Kaoma K33,712
The Controlling Officer submitted that the recoveries had since been effected and the documents verified.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

iv. Over-Payment of Salary - Kasama - K18,110
The Controlling Officer submitted that the Council overpaid salaries as a result of officers being transferred from other councils where they were appointed on higher salary scales than the current establishment. The Local Government Service Commission had written to correct salary scales for the affected officers. The Council would only place officers on salary scales as instructed by the Local Government Service Commission.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that this irregularity does not recur by ensuring that the corrections are done promptly. Your Committee recommends the matter for closure subject to audit verification.

v. Irregular Payment of Housing Allowance - K79,037

Chipata Municipal Council - K5,211 and Chadiza District Council - K73,826

Chipata Municipal Council - the Controlling Officer submitted that they had recovered the irregularly paid housing allowance. The matter had been submitted to the Auditor General for audit verification.

Chadiza District Council - the cause of the audit query was that the Council did not avail the salary receipt book for the rentals for those staff who occupied the Council rented houses whose rentals were deducted at source. The Council had since retrieved the receipt books reflecting the amounts deducted from employees occupying rented Council houses. The records were available for verification. The Council had continued deducting directly from the employees' salaries at source and securing the general receipts properly.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers for their failure to avail salary receipt books to the Auditors in the case of Chadiza while the matter relating to Chipata is closed.
vi. **Irregular Payment of Acting Allowance – Kaoma District Council - K19,655**  
The Controlling Officer submitted that the acting allowance was paid to the Officer following his acting appointment by the Local Government Service Commission. When the officer was suspended, the Council informed the Local Government Service Commission and the Commission only rescinded the decision to promote the officer through a minute dated 18th December, 2015. The Council had since stopped paying the officer acting allowance. The Council would always abide by the decisions of the Local Government Service Commission.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that such an irregularity does not recur. Your Committee recommends the matter for closure subject to audit verification.

vii. **Payment of Full Salary to the Council Secretary – Shangombo District Council - K346,047**  
The Controlling Officer submitted that the Local Government Service Commission granted the officer leave on full salary. The Council had recommended to the Local Government Service Commission to apply the provisions of the Conditions of Service. The letter to the commission was available for verification. The Council would ensure that Conditions of Service were followed.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to avert similar irregularities in future. Your Committee recommends the matter for closure subject to audit verification.

j) **Management of Capital Projects**

**Mwense District Council**

The Controlling Officer submitted that the works were progressing and the structure was currently being roofed.

**Committee’s Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that the contractors are closely supervised and that all works are completed without any further delay. Your Committee awaits a progress report report on the matter.

**Kaoma District Council**

The Controlling Officer submitted that the contractor was recalled to work on the street lights. The District had retention funds for the project that would be used to rectify the works.

**Committee’s Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that the contractors are supervised and all defects are attended to expeditiously. Your Committee awaits a progress report report on the matter.
Construction of Ten Medium Cost Houses in Mulobezi – K4,689,881

The Controlling Officer submitted that at the time of audit, the contract document could not be availed because it was at the Provincial office (Department of Housing and Infrastructure Development – DHID). Further, the cracks on the spoon drainage were as a result of poor workmanship on the part of the contractor. He further submitted that a copy of the contract document had been collected from the Provincial Office (Department of Housing and Infrastructure Development – DHID). The contractor had been requested to redo the works on the observed cracks on the spoon drain.

Committee’s Observations and Recommendations

Your Committee expresses disappointment that the documents were not availed to the auditors at the time of audit and urges the Controlling Officer to take remedial measures to prevent a recurrence of such a lapse. Further, your Committee urges the Controlling Officer to remind management to ensure that contractors are supervised and all defects are rectified whenever the Council engages a contractor. Your Committee awaits a progress report on the matter.

MINISTRY OF JUSTICE

AUDIT QUERY

UNIT : Various
PROGRAMME : Various
ACTIVITIES : Various

Accounting and Other Irregularities

44. An examination of accounting and other records maintained at the Ministry Headquarters carried out during the period from June to September, 2014, revealed various weaknesses to which the Controlling Officer responded as set out below.

a) Outstanding Compensations and Awards - K335,095,800

The Controlling Officer informed your Committee that according to the Ministry’s updated database, as of December, 2015, there were only seven cases outstanding and twenty-three cases were cleared. As for the remaining balance of seven cases amounting to K274,768,783.82 the payments were awaiting funding from the Ministry of Finance. The Ministry was timely dismantling the debt stock according to the ageing list on the database. The payment vouchers were available for audit verification.

Committee’s Observations and Recommendations

Your Committee is concerned at the loss of public funds through interest accumulated as a result of the outstanding debt. Your Committee urges the Secretary to the Treasury to prioritise the release of funds to clear this debt and pay timely for awards as soon as judgments are passed in order to avert further loss of public funds.

b) Judgments Entered in Default - K1,441,502

The Controlling Officer informed your Committee that the main reason for this problem was that in most cases, client Ministries did not give instructions to the Attorney General’s office in time, hence the need to employ lawyers at the Ministry level in order to efficiently manage the cases.
The Controlling Officer bemoaned that currently, the Civil Litigation Department was understaffed. The ratio of the available State Advocates to the number of cases pending normally stood at 1:200. The Ministry made an attempt to resolve the situation by requesting for treasury authority to employ more State Advocates to be based in the various Government Ministries. Unfortunately, due to Governments’ policy of recruitment and wage freeze in the 2014 financial year, treasury authority was not given and in 2015, the Ministry provided for the recruitment of lawyers in the 2015 proposed budget. Unfortunately, the request was not included in the approved 2016 budget.

Committee’s Observations and Recommendations

Your Committee observes with concern the huge cost occasioned by the high number of judgments in default. In this vein, your Committee urges the Secretary to the Cabinet to prevail upon all Permanent Secretaries in a bid to ensure that they give instructions to the Attorney General’s Chambers in a timely manner. Your Committee also implores the Secretary to the Cabinet to liaise with the Secretary to the Treasury in prioritising the recruitment of State Advocates to be based in the ministries in order to improve coordination and representation of the state in legal matters. Your Committee further urges the Controlling Officer to ensure that controls are strengthened to eliminate the possibility of connivance between State Advocates and the complainants. Your Committee will await a progress report on the matter.

c) Failure to Surcharge Erring Officers - K2,145,637

The Controlling Officer informed your Committee that through the office of the Attorney General, the Ministry in the year 2016, would start engaging Public Service Management Division on the possibility of enforcing the regulation.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that the Government incurred costs on account of omissions or negligence by the culpable officers and no action has been taken against such officers. Your Committee, therefore, urges the Controlling Officer to ensure that the Ministry surcharges the officers concerned and recovers the funds paid by the Government in that regard in accordance with the provisions of the Financial Regulations without any further delay. Your Committee will await a progress report on the matter.

MINISTRY OF COMMUNITY DEVELOPMENT, MOTHER AND CHILD HEALTH

AUDIT QUERY

DEPARTMENTS : District Community Medical Offices
PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

45. An examination of financial and other records maintained at selected District Medical Offices and District Hospitals and physical inspections of selected projects carried out in November, 2015, revealed some weaknesses to which the Controlling Officer responded as set out below.

a) Missing Payment Vouchers - K150,682

The Controlling Officer submitted to your Committee that all the eleven payment vouchers for Chilanga and Kazungula District Community Medical Offices (DCMOs) in amounts totalling K 150,682 had been traced and were available for audit verification. In addition, the accounting officer at Kazungula DCMO had been charged.
Committee’s Observations and Recommendations

Your Committee wonders why only the officer at Kazungula DCMO has been charged, and not the officer at Chilanga DCMO. Your Committee urges the Controlling Officer to ensure that disciplinary measures are instituted against all the erring officers without discrimination in accordance with the Financial Regulations. Your Committee further implores the Controlling Officer to ensure that financial regulations are adhered to by all the officers under his jurisdiction. Your Committee awaits a progress report on the matter.

b) Unsupported Payments - K358,275

The Controlling Officer informed your Committee that all payments that had missing documentation at the time of audit had been adequately supported while the remaining five amounting to K18,344.50 from Mansa DCMO were still outstanding. The accounting officer at Mansa DCMO had been charged to serve as a deterrent to others. He also pledged that the Ministry would continue to induct and orient staff in general record keeping and documentation tracking. Documentation to support the submission was available for audit verification.

Committee’s Observations and Recommendations

Your Committee wonders why only the officer at Mansa DCMO has been charged and not the officer at Samfya DCMO. Your Committee urges the Controlling Officer to ensure that disciplinary measures are instituted against all the erring officers without discrimination in accordance with the Financial Regulations. Your Committee further implores the Controlling Officer to ensure that financial regulations are adhered to by all officers under his jurisdiction. Your Committee awaits a progress report on the matter.

c) Misapplication of Funds - K502,998

The Controlling Officer acknowledged with regret that Mansa, Chembe, Livingstone and Mpika DCMO’s misapplied funds totalling K502,998. He, however, stated that this was largely due to unavoidable expenditure such as payment of casual workers who had been engaged to provide security to newly created health facilities. Regardless of the reason given, all the DCMOs from the mentioned districts had been sternly cautions to adhere to financial regulations to avoid recurrence of misapplication of funds.

Committee’s Observations and Recommendations

Your Committee observes with concern that the provision of first level referral and health centre clinical care services was negatively affected by this misapplication, which is a very serious anomaly. He is directed to ensure that the money is refunded in order to ensure that the requisite services are provided to the public. Your Committee further sternly warns the Controlling Officer to desist from misapplying funds, which is contrary to the Appropriation Act. Your Committee resolves to await a progress report on the matter.

d) Unaccounted for Funds - K10,698

The Controlling Officer acknowledged that Ndola DCMO at the time of audit did not account for medical fees amounting to K10,698. He informed your Committee that this was due to misplacement and misfiling of deposit slips. These documents had now been traced and were available for verification. He had instructed the accounting staff to adhere to financial regulations and ensure that such funds were deposited within the stipulated time and be certain that deposit slips were properly filed.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to file the deposit slips properly in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

e) Irregular Payment of Subsistence Allowances - K62,422

The Controlling Officer submitted to your Committee that the amount totalling K62,422 irregularly paid to thirteen officers as subsistence allowance had since been recovered and documentation was available for audit verification. The Ministry had instructed officers to strictly adhere to the Conditions of Service.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the officers responsible for the irregular payment in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

f) Meal Allowance - K67,370

The Controlling Officer submitted to your Committee that amounts totalling K67,370 which were erroneously paid as meal allowances to eighteen officers in three districts working within their normal station of duty had been recovered and documentation was available for audit verification. The Controlling Officer had instructed officers to strictly adhere to the Conditions of Service.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against all the officers responsible for this irregularity. Your Committee awaits a progress report on the matter.

g) Unretired Accountable Imprest - K919,840

The Controlling Officer submitted to your Committee that all retirement details for imprest totalling K919,840 issued to sixty-three officers in fifteen districts had now been traced and were available for verification. All DCMOs had been directed to strictly adhere to the provisions of Financial Regulation number 96 on the retirement of imprest.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against all the officers who failed to file the relevant documents properly and avail them to the auditors at the time of audit. Your Committee awaits a progress report on the matter.

h) Questionable Retirement of Imprest - K49,395

The Controlling Officer submitted to your Committee that the questionable retirement of imprest amounting to K49,395 which was used for various assignments in Choma, Livingstone and Kazungula were now reflecting on Accounts form 44a and were available for verification. She added that all districts affected had been instructed to reflect correct and relevant details on the retirement documents after undertaking a trip.
Committee’s Observations and Recommendations

Your Committee finds the response by the Controlling Officer incomplete and unacceptable. In this regard, your Committee urges the Controlling Officer to initiate investigations into the issues raised by the Auditor General with a view of taking appropriate action against any officers who will be found to have breached the law and Financial Regulations. Your Committee awaits a progress report on the matter.

i) Failure to Avail Activity Reports - K40,252

The Controlling Officer acknowledged that seven activity reports for Chilanga and Zambezi DCMOs were not availed to the auditors. The activity reports were now available for audit verification. The DCMOs had been instructed to ensure that activity reports were part of the retirement documents.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to instituted disciplinary action against all the officers who failed to submit Activity Reports in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

j) Irregular Use of Accountable Imprest - K102,370

The Controlling Officer submitted before your Committee that imprest totalling K102,370 issued to twenty-six officers in eight districts was used to procure goods and services whose values were obtainable on the market contrary to Financial Regulation No. 86.

He had instructed all DCMOs to ensure that they do not use accountable imprest for procurement of goods and services whose values were obtainable on the market contrary to Financial Regulation No. 86. DCMOs had further been instructed to observe the provisions of the Public Procurement Act. The Controlling Officer further highlighted the following constraints; lack of banking facilities in some districts such as Mulobezi, very few suppliers dealing in goods and services had bank accounts, the required goods may not be available in one shop, and that some vendors had a tendency to decline issuance of quotations in certain instances.

Committee’s Observations and Recommendations

While noting the submission, your Committee urges the Controlling Officer to ensure that Financial Regulation No. 86 is adhered to at all times. Your Committee also urges the Controlling Officer to take disciplinary action against all the erring officers in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

k) Failure To Produce Expenditure Returns - K31,410

The Controlling Officer submitted that expenditure returns for amounts totalling K31,410 disbursed to thirteen health centres as operational grants during the period under review by Solwezi DCMO had been traced and were available for audit verification. All DCMOs had been instructed to ensure that Health facilities submit expenditure returns before they obtain subsequent grants.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to take disciplinary action against all the erring officers in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.
l) **Unaccounted for Stores - K1,586,367 (General Stores – K398,445 and Fuel – K1,187,922)**

The Controlling Officer informed your Committee that receipt and disposal details for stores items costing K1,586,367 (general stores – K398,445 and fuel – K1,187,922) procured during the period under review were not available at the time of audit due to poor filing, but had since now been accounted for. He pledged to your Committee that he would continue to strengthen internal controls to enhance record keeping and documentation tracking.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to take disciplinary action against all the officers responsible for the poor filing in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

m) **Irregular Drawing of Fuel - K228,448**

The Controlling Officer reported that the irregularities had been addressed in that fuel requisition vouchers and coupons authorising the drawings had been traced, registration numbers of motor vehicles that were drawing fuel and the purpose for which the drawings were made had also been indicated. Documentation was available for verification. The DCMOs had been instructed to strictly adhere to standard fuel management procedures and ensure completeness of records.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to take disciplinary action against all the officers responsible for these irregularities in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

n) **Failure to Inscribe Government Assets - K320,197**

The Controlling Officer submitted to your Committee that the DCMOs had written to the Ministry of Works and Supply to have the furniture and equipment inscribed with the GRZ details. Documentation on the correspondence made with that Ministry was available for verification. All DCMOs had been instructed to follow up the requests in order to expedite the process.

**Committee’s Observations and Recommendations**

While noting the submission by the Controlling Officer, your Committee expresses concern at the failure by the Controlling Officer to act on the matter proactively as efforts to write to the Ministry of Transport Works Supply and Communication are only made after the audit. For the future, your Committee urges the Controlling Officer to be proactive. Your Committee further implores the Controlling Officer to follow up the matter and ensure that all Government Assets in the Ministry are inscribed without any further delay. Your Committee awaits a progress report on the matter.

o) **Failure to Report Accident - Mwense**

The Controlling Officer submitted to your Committee that the accident had since been reported to the Standing Accident Board and documentation was available for audit verification. All DCMOs would be oriented on procedures of handling accidents and had been directed to adhere to Financial Regulations No. 171 and 182.
Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to ensure that adequate orientation is given to all officers including new staff joining the Ministry to avoid such irregularities. Your Committee requests the Auditor General to verify the submission, subject to which the matter should close.

p) Failure to Recover Funds – Lufwanyama DCMO - K4,953

The Controlling Officer submitted to your Committee that the recoveries amounting to K4,953 had been effected on the driver that caused the accident. Documentation was available for audit verification. The DCMO had also been instructed to ensure that they always adhere to recommendations of Standing Accident Committee.

Committee’s Observations and Recommendations

While noting the submission by the Controlling Officer, your Committee expresses concern at the failure by the Controlling Officer to act on the matter proactively as efforts to commence deductions were only made after the audit. Your Committee reminds the Controlling Officer of the need to be proactive in dealing with financial irregularities. The matter is recommended for closure subject to audit verification.

q) Failure to Dispose Unserviceable Stores and Motor Vehicles

The Controlling Officer submitted to your Committee that the DCMOs had been directed to submit lists of all unserviceable motor vehicles and stores for onward submission to the Ministry of Finance to constitute a Board of Survey. Documentation was available for verification.

Committee’s Observations and Recommendations

While noting the submission by the Controlling Officer, your Committee expresses concern at the failure by the Controlling Officer to act on the matter proactively as efforts to commence deductions were only made after the audit. Your Committee reminds the Controlling Officer of the need to be proactive in dealing with financial irregularities. Your Committee awaits a progress report on the matter.

r) Failure to Deduct Withholding Tax - K8,843

The Controlling Officer submitted that the Mongu DCMO was renting a building from NAPSA, and NAPSA was exempt from withholding Tax. In the case of Mafinga, the landlord had the responsibility of paying withholding tax. Documentation was available for verification.

Committee’s Observations and Recommendations

Your Committee notes the submission and recommends that the matter be closed subject to audit verification.

s) Failure to Remit Tax (PAYE) - K9,726

The Controlling Officer submitted to your Committee that he regreted that amounts totalling K9,726 deducted from various employees’ settling in allowances at Luanshya and Mpika DCMOs was not remitted to Zambia Revenue Authority. All DCMOs had been instructed to ensure that statutory obligations were remitted on time.
Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the cited DCMOs to remit PAYE to Zambia Revenue Authority despite deducting it from employees. Your Committee finds this unacceptable and urges the Controlling officer to institute disciplinary action against all the officers responsible for this failure, and further ensure that the amount is remitted without any further delay. Your Committee awaits a progress report on the matter.

1) Unaccounted For Drugs and Medical Supplies - K18,864,371

The Controlling Officer submitted to your Committee that the drugs and medical supplies costing K18,864,371 were not accounted for at the time of audit due to poor record keeping. The drugs and medical supplies had since been accounted for and documentation was available for verification. The Pharmacist for Chongwe district who did not account for most of the drugs and medical supplies had since been charged.

Committee’s Observations and Recommendations

Your Committee wonders why only one officer has been charged and urges the Controlling Officer to ensure that disciplinary action is taken against all the erring officers. Your Committee further impresses upon the Controlling Officer to take stringent measures to ensure that Financial Regulations are adhered to by all officers under his jurisdiction. Your Committee awaits a progress report on the matter.

Following a corrigendum which was issued by the Auditor-General on his report on the Accounts of the Republic for the Financial Year Ended 31st December, 2014, relating to paragraph 45 (u), (v) and (w), the queries which were misdirected to the Ministry of Community Development Mother and Child Health were responded to by the Ministry of Health, which was the relevant Ministry. In responding to these queries, the Controlling Officer submitted as set out below.

u) Undelivered Drugs - K9,763,954

The Controlling Officer submitted that drugs and medical supplies were delivered and the delivery notes from Medical Stores Limited were available for audit verification. Further, the districts acknowledged receipt of the drugs. He also informed your Committee that the Ministry was now using a new system called “The Electronic Drugs System” which would enable them to track the drugs whenever and wherever delivered.

Committee’s Observations and Recommendations

Your Committee is disappointed that documentation on the delivery of the drugs was not made available at the time of audit. In this regard, your Committee calls upon the Controlling officer to institute disciplinary measures against all the officers responsible for this lapse and further urges the Controlling Officer to ensure that the problem does not recur. He is also urged to ensure that the new system is fully utilised and rolled out without any further delay. Your Committee awaits a progress report on the matter.

v) Expired Drugs - K4,762,612

The Controlling Officer submitted that the expired drugs costing K3,994,747.75 from seven districts since had been disposed of and disposal certificates were available while disposal was in progress for drugs worth K612,282.12 in five districts. The remaining six districts had constituted committees and were in the process of disposing of the expired drugs worth K96,580.76. The Office of the Auditor General would be informed once the Ministry received the disposal certificate.
He also informed your Committee that one of the contributing factors which lead to expired drugs was the receipt of donated drugs whose life span was too short and also the phasing out of certain drugs due to changes in the relevance. He, however, assured your Committee that since the Zambia Medical Regulatory Authority (ZAMRA) now checks and regulates all drugs that were imported into the country, the issue of having expired drugs would be minimised. The other mitigation measure was that all districts were now required to submit stock levels on a monthly basis. And this aids them to make national quantification and thus estimate demand by studying the past trends on usage.

Committee’s Observations and Recommendations

Your Committee urges ZAMRA to enforce the relevant regulations strictly in order to avoid the country being turned into a dumping ground for expired drugs by some donors. Your Committee awaits a progress report on the matter.

w) Infrastructure

The Controlling Officer informed the Committee on the current status as set out below.

- **Mbala District - Completion of Nsokolo RHC**
  Painting of spider trusses, shelves and some walls had been done and the solar system was also functional.

- **Luanshya District**
  **Construction of Chibolya Paediatric Clinic**
  Fixing of glass panes, painting both inside and outside had been completed. However, flooring and tilling had not yet been done.

- **Kitchen**
  Glazing, flooring, plumbing and painting works had since been done and labour contract was available for verification.

- **Laundry**
  All the works which involved; flooring, ceiling, plumbing and painting had been completed. The labour contract was available for verification.

- **Stores Room DMO**
  All works which involved roofing, flooring, electrification, plastering, plumbing and painting had been completed.

- **Choma District**
  **Mapanza Rural Health Centre**
  All the works were still outstanding and a letter had been sent to the contractor requesting the company to complete the works without further delay.

Committee's Observations and Recommendations

Concerning all the infrastructure projects submitted above, your Committee strongly urges the Controlling Officer to ensure that the outstanding works on the various projects are completed expeditiously. Further, all relevant documentation on the completed projects should be submitted to the Auditor General for verifications, subject to which those matters should close. Your Committee will await a progress report on the outstanding projects.
Failure to Drill a Borehole - Luwingu DCMO

The Controlling Officer submitted that the Department of Water Affairs was engaged and paid to drill two boreholes at the cost of K35,050, but drilled one borehole only. The funds which were meant for another borehole were used to buy a submersible pump for the borehole. Extra works were awarded to the Department of Water Affairs for them to equip and connect the existing water tank. Minutes of the meeting of the District Tender Committee at which the award of these works was done were available for verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the officers to seek appropriate authority before varying funds. Your Committee also observes that the officers took the audit casually as evidenced by their failure to avail the minutes of the Tender Committee meeting to the auditors during the time of audit. In this regard, your Committee urges the Controlling Officer to ensure that the officers responsible for this irregularity and those who failed to provide relevant documentation to the auditors are disciplined in accordance with the Financial Regulations. Further, your Committee directs that all necessary documentation be presented to the Auditor General for verification, subject to which the matter should be closed.

Failure to implement funded project - K463,660

On the projects under Chilubi and Mporokoso DCMOs for infrastructure development the Controlling officer submitted as set out below.

• Chilubi District
  ➢ Matipa Staff House
  The staff house had been completed.

  ➢ The Rehabilitation of Matipa Rural Health Post
  The rehabilitation of Matipa Rural Health Post was at 70 percent complete.

  ➢ Construction of Wall Fence - Santa Maria
  The funds which were meant for a wall fence of a doctor's house at Santa Maria were varied to rehabilitate the house which was in bad condition. The rehabilitated house had reached 90 percent completion. Approved variation letter was available.

  ➢ Rehabilitation/Completion of Chaba OPD RHC
  The rehabilitation of OPD at Chaba RHC is at 20 percent.

  ➢ Rehabilitation of Maternity Annex
  The rehabilitation works at Mofu RHC had not been done as there was no contractor willing to take up the project at the cost of K58,200. The Ministry would request the Buildings Department to revalue the works.

• Mporokoso District
  ➢ Chalabesa RHC - Completion
  The works at Chalabesa RHC had been completed and it was operational.
Committee’s Observations and Recommendations

Your Committee strongly urges the Controlling Officer to ensure that the outstanding works on the various projects are completed expeditiously. Your Committee further directs that all relevant documentation relating to the completed projects be submitted for audit verification, subject to which those matters should close. Your committee will await a progress report on the outstanding matters.

MINISTRY OF COMMUNITY DEVELOPMENT, MOTHER AND CHILD HEALTH

AUDIT QUERY

DEPARTMENTS : Headquarters
Social Welfare Department
Community Development Department
Planning and Information
Department of Registrar for Non-Governmental Organisations

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

46. An examination of accounting and other records maintained at the Ministry Headquarters and visits to selected provinces and district offices carried out in May, 2015, revealed some weaknesses to which the Controlling Officer responded as set out below.

a) Personal Emoluments - K33,394,519

i. Irregular Payment of Rural and Remote Hardship (Rural - K131,168 and Remote Hardship - K14,000)

The Controlling Officer submitted that the recoveries for amounts totalling K145,168 would be effected in February, 2016, for the officers who irregularly obtained Rural and Remote Hardship allowances. Documentation was available for verification. The Director of Human Resources and Administration had been instructed to regularly monitor the payroll in order to ensure that employees receive correct allowances.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to act on the matter proactively as efforts to effect deductions were only effected after the audit. Further, your Committee urges the Controlling Officer to institute disciplinary action against all the officers responsible for the irregular payments. The Controlling Officer is cautioned to be proactive in dealing with financial irregularities. In this case, your Committee urges the Controlling Officer to ensure that the process of effecting deductions on the payroll is expedited without any delay. Your Committee awaits a progress report on the matter.

ii. Irregular Payment of Acting Allowance - K376,555

The Controlling Officer submitted to your Committee that five officers had since been confirmed while acting allowances for eleven officers had been discontinued awaiting confirmations from PSMD. This was an oversight on the Human Resource officers who did not request for authority for officers to continue receiving the acting allowances. Documentation was available for audit verification. Director of Human Resource and Administration had been directed to ensure that only officers with PSMD authority should continue to draw acting allowances.
Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to institute disciplinary action against the erring officers. Your Committee reminds the Controlling Officer to be proactive in dealing with financial irregularities and to institute disciplinary action without any delay. Further, all allowances paid irregularly must be recovered immediately. Your Committee awaits a progress report on the matter.

b) Missing Payment Vouchers – Lufwanyama District Community Office - K11,000

The Controlling Officer submitted to your Committee that he acknowledged with regret that three payment vouchers in amounts totalling K11,000 processed during the year under review at Lufwanyama Department of Community Development Office were missing. The responsible officer had since been charged and the district had also effected recoveries for the sum in question and documentation was available for verification.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

c) Unsupported Payments - K123,922

The Controlling Officer submitted to your Committee that nine payments had since been accounted for and that documents were now available for verification. The Ministry had developed guidelines to ensure that all payments were adequately supported.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

d) Procurement of Air Tickets from Private Agencies - K60,760

The Controlling Officer submitted that air tickets in amounts totalling K60,760 were procured from Private Travel Agencies contrary to Ministry of Finance Circular No. 7 of 2012. The Head Procurement officer had been instructed to adhere to the provisions of circular No. 7 of 2012. Further, a travel liaison officer had since been appointed to collaborate with the travel Office at Cabinet Office on all matters of air travel.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to institute disciplinary action against the erring officer for failure to adhere to Ministry of Finance Circular No. 7 of 2012 and urges the Controlling Officer to take disciplinary action against the officer for this breach, subject to which the matter should be closed.

e) Weaknesses in Accounting for Stores and Fixed Assets

i) Stores without Receipt and Disposal Detail - K615,201 (General Stores K367,616 and Fuel - K247,585)

The Controlling Officer submitted to your Committee that the receipt and disposal details for stores items costing K615,201 comprising general stores (K367,616) and fuel (K247,585) procured during the period under review had now been accounted for. The Ministry had strengthened the internal controls and as such, only procurement office had been mandated to
manage fuel and collect cheques for suppliers in order to improve documentation tracking and record keeping.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

**f) Capacity Building**

i) **Misapplication of Funds Meant for Training - K133,278**

The Controlling Officer submitted that amounts totalling K133,278 involving eleven transactions were misapplied on activities such as payment of allowances, purchase of goods and services which were not related to the purpose for which the funds were released. However, this was as a result of the need to participate in the Public Service Day celebrations despite earlier instructions not to budget for such events.

**Committee’s Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer to desist from misapplying funds in blatant disregard for instructions given by the relevant authorities and in contravention to the *Appropriation Act*. Your Committee further directs that all misapplied funds be reimbursed. Your Committee resolves to await a progress report on the matter.

ii) **Failure to Complete Bonding Forms - K438,385**

The Controlling Officer submitted to your Committee that bonding forms for thirty nine officers sponsored by the Ministry were not availed to the auditors at the time of the exercise. The bonding forms had been retrieved from the officers in the districts and were available for verification.

**Committee’s Observations and Recommendations**

Your Committee deplores the laxity of the officers who failed to avail the relevant documents to the Auditors during the audit. In this vein, your Committee urges the Controlling Officer to ensure that disciplinary action is instituted against the erring officers for this lapse in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

**g) Failure to Settle Insurance Premiums and Insure Office Equipment - K2,810,259**

The Controlling Officer submitted to your Committee that it was true that the Ministry had an accrued debt of K2,810,259 which had been a subject of a number of meetings with ZSIC. However, the Ministry was up to date with current premiums and all office equipment was insured. The Ministry was actively engaging ZSIC to establish the actual debt and thereafter develop and agree on a plan to dismantle the debt.

**Committee’s Observations and Recommendations**

Your Committee finds the Ministry’s failure to settle premiums and, worse still, failure to insure office equipment under their custody unacceptable. Your Committee observes with concern that budgetary provisions for the ministries are expected to factor in such costs as it is mandatory that all Government assets be insured. Your Committee further directs that all relevant documentation be presented to the Auditor General for verification and will wait a progress report on the outstanding debt.

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h) Food Security Pack Programme

i) Unaccounted for Funds – Isoka and Mufumbwe DCDOs - K22,000
The Controlling Officer submitted to your Committee that it was true that Isoka and Mufumbwe District Community Development Offices did not receive funds totalling K22,000. This was due to the challenges in the ZANACO payflex system. The funds had since been disbursed.

Committee’s Observations and Recommendations

Your Committee is seriously concerned that the Controlling Officer did not take any action to resolve this issue prior to the audit. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and recommends that the matter be closed subject to audit verification.

ii) Unreceived Public Welfare Assistant Scheme (PWAS) Funds - K48,949
The Controlling Officer submitted to your Committee with regret that Petauke and Mufumbwe District Social Welfare offices did not receive funds totalling K48,949 meant for PWAS. This was due to the challenges in the ZANACO payflex system as cited above. The funds had since been disbursed.

Committee’s Observations and Recommendations

Your Committee is seriously concerned that the Controlling Officer did not take any action to resolve this issue prior to the audit. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and recommends that the matter be closed subject to audit verification.

MINISTRY OF COMMUNITY DEVELOPMENT, MOTHER AND CHILD HEALTH

AUDIT QUERY PARAGRAPH 47
UNIT : Various
PROGRAMME : Personal Emoluments
ACTIVITIES : Various

Accounting and Other Irregularities

47. An examination of accounting and other records maintained at selected District Medical Offices carried out in October, 2015, revealed several weaknesses to which the Controlling Officer submitted as set out below.

a) Excess Employees – Choma DCMO – K260,560

The Controlling Officer submitted to your Committee that Choma District Community Medical office had 417 staff on the payroll against the establishment 335 resulting in excess of staff of eighty-two. This was due to the creation of Pemba District whose staff were still sitting on Choma payroll. This was normalised after Treasury authority was obtained for Pemba District and the two registers and payrolls had been separated. Documentation was available for verification. The two registers and payrolls had since been separated.

Committee’s Observations and Recommendations

Your Committee recommends that the matter be closed subject to audit verification.

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b) Employees on Payroll (PMEC) but not at the Station - K10,147,535

The Controlling Officer submitted to your Committee that it was true that 392 employees were not on the respective DCMOs staff assignment. This was due to employees who were posted or transferred to stations where there were no post IDs, especially new facilities and some districts which were split to create new districts.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable for the Ministry to allow such an irregularity as this situation can be a recipe for fraudulent activities. The Controlling Officer is strongly urged to ensure that all staff establishments in the districts are updated in accordance with available places to avoid the irregularity. Your Committee awaits a progress report on the matter.

c) Weaknesses in the Payment of Housing Allowances

An examination of payroll records such as DDACC files from PMEC and other records maintained at selected DCMOs revealed the following:

i. Overpayment of Housing Allowance - K12,066

The Controlling Officer submitted to your Committee that six officers were overpaid amounts totalling K2,159 and recoveries would be effected in February, 2016. However, twenty officers were not overpaid because the computation was based on a prorated basic salary. Documentation was available for verification. DCMO’s had been instructed to monitor and verify the payroll.

Committee’s Observations and Recommendations

Your Committee is seriously concerned that the Controlling Officer did not take any action to resolve this issue prior to the audit. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and urges the Controlling Officer to institute disciplinary action against the officers who were responsible for the overpayment in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter while the matter relating to twenty employees is recommended for closure subject to audit verification.

ii. Irregular Payment of Housing Allowances - K1,544,927

The Controlling Officer acknowledged that K1,544,927 was irregularly paid to employees who were accommodated in Government quarters. DCMOs had been directed to effect recoveries from February, 2016 to rectify the situation and documentation was available for verification. DCMOs had been instructed to constantly monitor the payroll.

Committee’s Observations and Recommendations

Your Committee is seriously concerned that the Controlling Officer did not take any action to resolve this issue prior to the audit. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and urges the Controlling Officer to institute disciplinary action against the officers who were responsible for the irregular payment in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

d) Over Payment of Transport Allowance - K30,899

The Controlling Officer submitted to your Committee that 188 officers were overpaid transport allowances amounting to K30,899. DCMOs had been directed to effect recoveries from February,
2016, to rectify the situation and documentation was available for verification. DCMOs had further been instructed to constantly monitor the payroll.

**Committee’s Observations and Recommendations**

Your Committee is seriously concerned that the Controlling Officer did not take any action to resolve this issue prior to the audit. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and urges the Controlling Officer to institute disciplinary action against the officers who were responsible for the overpayment in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter while the matter relating to twenty employees is recommended for closure subject to audit verification.

e) **Irregular Payment of Fuel Allowance – Luwingu DCMO - K41,136**

The Controlling Officer submitted to your Committee with regret, that an officer who was in salary grade K was irregularly paid fuel allowance in amounts totalling K61,703 instead of transport allowance of K20,567 resulting in excess payment of K41,136 on account that after the officer had completed acting as DCMO the payroll end-user did not discontinue the paying out of this allowance to the affected officer. The District had been instructed to effect recoveries and documentation was available for verification. DCMOs had further been instructed to constantly monitor the payroll.

**Committee’s Observations and Recommendations**

Your Committee is seriously concerned that the Controlling Officer did not take any action to resolve this issue prior to the audit. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and urges the Controlling Officer to institute disciplinary action against the officers who were responsible for the irregular payment in accordance with the Financial Regulations. Your Committee awaits a progress report on the recoveries.

f) **Rural and Remote Hardship Allowances Paid to Ineligible Employees - K2,900,894 and K1,224,673 Respectively**

The Controlling Officer submitted to your Committee that Districts that irregularly paid rural and remote hardship allowances amounting to K1,173,347 to 583 ineligible officers had been instructed to effect recoveries. However, officers in Mwense and Luangwa Districts were entitled to receive rural hardship allowances in accordance with PSMD Circular No. 8 of 2012, which was available for verification. DCMOs had been instructed to constantly monitor the payroll and undertake head counts regularly.

**Committee’s Observations and Recommendations**

Your Committee is seriously concerned that the Controlling Officer did not take any action to resolve this issue prior to the audit. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and urges the Controlling Officer to institute disciplinary action against the officers who were responsible for the overpayment in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter while documents relating to Mwense and Luangwa Districts should be presented for audit verification.
g) Payment of Acting Allowance to Ineligible Employees - K39,747

The Controlling Officer submitted to your Committee that it was regrettable that an amount totalling K39,747 was irregularly paid to one officer in Chilubi district without PSMD authority. DCMO had been instructed to effect recoveries.

Committee's Observations and Recommendations

Your Committee is seriously concerned that the Controlling Officer did not take any action to resolve this issue prior to the audit. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and urges the Controlling Officer to institute disciplinary action against officers who were responsible for the irregular payment in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

h) Irregular Payment of Night Duty Allowance - K609,393

The Controlling Officer submitted to your Committee that the Districts had been instructed to effect recoveries for officers who do not qualify. However, employees such as cleaners working in Health facilities were eligible to night duty allowance and documentation is available for verification. DCMOs had been instructed to constantly monitor the payroll.

Committee’s Observations and Recommendations

Your Committee is seriously concerned that the Controlling Officer did not take any action to resolve this issue prior to the audit. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and urges the Controlling Officer to institute disciplinary action against the officers who were responsible for the irregular payment in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

i) Employees on Wrong Salary Scale – Salary Over Payments - K29,433

The Controlling Officer acknowledged with regret, that two officers at Mporokoso DCMO were over paid a sum of K 6,800 and recoveries had been effected. However, the thirty two officers at Kasama DCMO were correctly paid as per appointment letters. Documentation was available for verification. DCMOs had been instructed to constantly monitor the payroll.

Committee’s Observations and Recommendations

Your Committee is seriously concerned that the Controlling Officer did not take any action to resolve this issue prior to the audit. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and urges the Controlling Officer to institute disciplinary action against the officers who were responsible for the irregular payment in accordance with the Financial Regulations. Your Committee directs that evidence of the recoveries should be submitted to the Auditor General for verification, subject to which the matter should close.

j) Failure to Remove Officers from Payroll - K51,089

The Controlling Officer submitted to your Committee that the four officers who were separated from the public service through retirement or resignation and had remained on the payroll for periods of up to five months resulting in being irregularly paid salaries in amounts totalling K51,089 had since been removed from the payroll. Documentation was available for verification. The irregular salaries would be recovered from their terminal benefits.
Committee’s Observations and Recommendations

Your Committee is seriously concerned that the Controlling Officer did not take any action to resolve this issue prior to the audit. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and urges the Controlling Officer to institute disciplinary action against the officers who were responsible for the irregular payment in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

k) Irregular Payment of Health Personnel Shift Deferential Allowance - K1,137,236

The Controlling Officer submitted to your Committee that Cabinet Office Circular B22 of 2013 stipulated that all officers who were in MS scale were eligible to continue receiving shift differential allowance.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

MINISTRY OF HEALTH

AUDIT QUERY

<table>
<thead>
<tr>
<th>UNITS</th>
<th>PROGRAMMES</th>
<th>ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource and Administration</td>
<td>Various</td>
<td>Various</td>
</tr>
</tbody>
</table>

Accounting and other Irregularities

48. An examination of accounting and other records maintained at the ten Provincial Health Offices, selected hospitals, schools of nursing, a dental training school and physical inspections of selected projects, carried out in October, 2015, revealed weaknesses to which the Controlling Officer responded as set out below.

a) Unsupported Payments - K440,033

The Controlling Officer informed your Committee that at the time of audit, thirty-three payment vouchers amounting to K440,033 were not supported with the relevant documents. This was mainly attributed to poor records management by the staff at the respective institutions. However, the records management had since been strengthened in all the cited institutions and all the payments had been supported. The documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the officers to avail supporting documents to the auditors at the time of audit. Your Committee implores the Controlling Officer to ensure that appropriate disciplinary action is taken against the officers involved in the irregularity. A progress report is awaited by your Committee.

b) Unretired Accountable Imprest - K844,709

The Controlling Officer submitted that out of the unretired amount of K844,709 involving twenty-nine officers, K585,095 had been retired leaving a balance of K259,615 under Southern PHO, Lewanika General Hospital and North Western PHO. Your Committee was informed that the amount of K259, 615, was fraudulently obtained and the officers involved had been suspended and
recommended for dismissal. However, the unretired accountable imprest would be recovered from the respective officer’s terminal benefits.

**Committee’s Observations and Recommendations**

Your Committee regrets the bad practice of not retiring imprest in the Ministry and urges the Controlling Officer to enhance internal controls to stem the practice. A progress report on the matter is awaited by your Committee.

c) **Irregular Use of Accountable Imprest - K248,709**

The Controlling Officer confirmed that K248,709 worth of goods and services were procured using accountable imprest contrary to financial regulation No. 86 (c). He informed Your Committee that this trend was unacceptable and the concerned institutions had been warned and instructed to follow procurement procedures. He further submitted that his office had issued a circular prohibiting the procurement of goods and services using accountable imprest. Furthermore, the responsible officers had been charged and the practice had since been stopped. Copies of charge letters were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to ensure that officers in the Ministry adhere to Financial Regulations on the management of imprest. Your Committee is of the view that the punishment given to the officers at Lewanika General Hospital and Southern PHO is not adequate as the amounts in question are fraudulently obtained. Your Committee, therefore, recommends that the matter be reported to law enforcement agencies for further probe and a progress on the matter be reported to your Committee.

d) **Failure to Produce Activity Reports - K200,911**

The Controlling Officer regretted to submit that at the time of audit, no activity reports were produced for amounts totaling K200,911 paid out to twelve officers. These reports were not attached to the payment vouchers/retirements. However, the activity reports for the monitoring and evaluation of projects amounting K240,821.00 were now available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to prepare and avail the activity reports to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee resolves to await a progress report on the matter.

e) **Irregular Payment of Allowances – Northern Province - K6,200**

The Controlling Officer informed Your Committee that this amount was being recovered from the officers’ salaries and documents were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one, and urges the Controlling Officer to institute disciplinary action against the officers who were responsible for the irregular payment in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.
f) **Payment of Allowances outside Payroll - K670,109**

The Controlling Officer explained that this anomaly was because the current establishment was inadequate to cater for the growing number of patients being attended to on a daily basis. He, however, admitted that it was a mistake to pay the full time workers outside the payroll and assured your Committee that the tax which was supposed to be paid would be recovered from the officers’ salaries. Your Committee was further informed that there were some officers who were paid part-time allowances outside the payroll because they were hired from outside the Government. The allowances were below the taxable minimum threshold of K3,000 per month and K36,000 per annum and these officers had no other source of income apart from the part-time allowances.

**Committee’s Observations and Recommendations**

Your Committee finds the reasons given by the Controlling Officer unacceptable and cautions him to desist from abrogating laid down procedures. Your Committee further urges the Controlling Officer to institute disciplinary action against the officers who were responsible for the payment of allowances outside the payroll. Your Committee requests for a progress report on the matter.

g) **Overpayment of Subsistence Allowances – PHO Lusaka - K5,700**

The Controlling Officer informed your Committee that the officers had been charged and the recoveries were effected. The payslips were available for audit verification. The Controlling Officer further informed your Committee that currently, all requests for payment of allowances indicated the name of officers and their division in order to avoid overpayments. The matter had since been resolved and availed for audit verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to strengthen internal controls in order to avoid similar anomalies in future. Your Committee resolves to close the matter subject to audit verification.

h) **Irregular Payment of Out of Pocket Allowance – PHO Lusaka - K33,556**

The Controlling Officer reported that the officers had been charged and recoveries effected. The pay slips were available for audit verification

**Committee’s Observations and Recommendations**

Your Committee recommends that the matter be closed subject to audit verification.

i) **Failure to Remit Tax - K103,915**

The Controlling Officer submitted that out of K103,915 unremitting tax to ZRA K36,875 had been paid, leaving a balance of K67,040. This amount was owed by North Western PHO who had been instructed to pay the whole amount immediately. Documents had since been available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses disappointment at the Ministry’s failure to remit the taxes in question as this would result in the failure of the Government to discharge its planned programmes and urges the Controlling Officer to avail the relevant documents to the Office of the Auditor General for verification. A progress report on the outstanding amount is awaited by your Committee.
j) Payment above the Threshold - K910,309

The Controlling Officer submitted that at the time of audit, the Procurement Committee Meeting (PCM) minutes for purchases amounting to K433,901 were not given to the auditors. However the procurement procedures were followed and payments were authorised by the PCM. The documents were available for audit verification. The Controlling Officer further submitted that this was caused by the mix up in circulars from MOH procurement and ZPPA. The two circulars had since been harmonised and management was currently following the correct threshold.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to take disciplinary action against officers who failed to avail the documents to the auditors and file the necessary documentation properly. The matter is, however, recommended for closure subject to audit verification.

k) Failure to Execute Works – Southern Province - K15,000

The Controlling Officer reported that this matter had been reported to the Police and the outcome was being awaited. The relevant documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee calls upon the Controlling Officer to pursue this matter to its logical conclusion as it may result in the loss of public funds and deprive the community of the much needed development. Your Committee will await a progress report on the matter.

l) Failure to Recover Loans and Advances - K776,864

The Controlling Officer reported that the loans and advances amounting to K776,864 were being recovered through the PEMC and the payslips were available for audit verification. Regrettably, however, the end user for Central Province would introduce the recoveries and discontinue them after one or two months. Management had since charged the officer and a new end user was appointed. The recoveries were presently running and the payslips were available for audit verification. Furthermore, the responsible officer for North-western Provincial Health Office had been warned and cautioned for paying salary advances to officers whose net pays were below 40% of their gross pay.

Committee’s Observations and Recommendations

Your Committee is disappointed that the Controlling Officer did not take any action on this irregularity before the matter was raised by the Auditor General. In this regard, your Committee implores the Controlling Officer to institute disciplinary action against officers who were responsible for the failure to institute the recoveries as per regulations. A progress report is awaited by your Committee.

m) Holding of Workshops without Authority - K432,620

The Controlling Officer submitted that the observation by the Auditors that four institutions spent amounts totalling K432,620 on private conference facilities was correct. He, however, explained that authority to hold workshops in the private facilities was obtained from the Secretary to the Cabinet by the MoH Headquarters. In view of the foregoing, his Office had authorised the provincial medical offices and all institutions to hold workshops outside government facilities based on the same authority that was obtained. The authority was available for audit verification.
Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the officers to avail evidence of the authority to the Auditors during the audit process to avert the query and requests the Controlling Officer to institute appropriate disciplinary measures against officers responsible for this failure without delay. Your Committee further urges the Controlling Officer to avail the documents in question to the Office of the Auditor General for verification. Your Committee resolves to await a progress report on the matter.

n) Unaccounted For Drugs and Medical Supplies - K537,957

The Controlling Officer explained that Medical Stores costing K383,926.92 had all been accounted for and documents were available for audit verification. He submitted before your Committee that management had continued to orient the officers on the importance of proper record keeping in stores. Further, the Ministry of Health was implementing an Electronic Logistic Management System which was aimed at increasing the visibility and accountability of medicines supplied to health facilities. This was a web based system linked to the inventory systems of health centres. The Ministry was also implementing destination checks for supplies delivered by Medical Stores Limited.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the officers to avail the relevant documentation to the auditors at the time of audit. Your Committee strongly urges the Controlling Officer to ensure that the remaining documents are traced without further delay and that disciplinary action is taken against the erring officers. Your Committee resolves to await a progress report on the matter.

o) Unaccounted for Stores - K1,124,112

The Controlling Officer informed Your Committee that the stores items and fuel amounting to K1,124,113 had been accounted for and documents were available for verification.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that documents in respect of such huge amounts could not be made available at the time of audit and only resurfaced immediately thereafter. Your Committee, therefore, urges the Controlling Officer to institute corrective measures to avert recurrence of such an omission, including taking disciplinary action against the officers responsible for the failure to provide the documents to the Auditors in a timely manner. Your Committee awaits a progress report on the matter.

p) Questionable Payments for Security Services

The Controlling Officer submitted that the frequency of break-ins at the PHO North-Western Province and also the increase in the number of assets that needed to be guarded at night forced management to engage a private security firm to beef up security during the night only. However, this contract had since been terminated and the Provincial Permanent Secretary had been engaged to help with more guards. Additionally, management had also engaged the Management Development Division for the expansion of the structure. As for Lewanika General Hospital, the guards’ on the payroll were actually employed as cleaners. In order to rectify the anomaly, a letter to re-grade thirteen security guards to cleaner positions had been written to PSMD. Furthermore, the contract with the Security firm had been terminated and the hospital security guards were now guarding the hospital. He informed Your Committee that documents were available for verification.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to pursue the process of re-grading of the security guards in order to rectify the anomaly. A progress report is awaited by your Committee.

q) Irregular Procurement of Graduation Attire – Ndola School of Nursing - K83,800

The Controlling Officer informed your Committee that his office had issued a circular to all training schools under the Ministry of Health, instructing them not to procure graduation attires using public resources. He further informed your Committee that the recoveries from the affected officers had since been effected and the payslips were available for verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that some budgeted for activities may not have been implemented as funds are spent on an unbudgeted activity. In this regard, your Committee urges the Controlling Officer to institute disciplinary action against the erring officers who were responsible for this irregularity, following which the matter is recommended for closure subject to audit verification.

r) Failure to Mark GRZ Property - K489,833

The Controlling Officer reported to your Committee that assets worth K489,833 had all been marked and were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the officers to avail the relevant documentation to the auditors at the time of audit and urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. The matter is recommended for closure, subject to audit verification.

s) Non Recovery of Funds – PHO Central - K5,260

The Controlling Officer submitted that the delay in the recovery of K5,260 was caused by the PMEC end user who was not able to effect the recoveries on time. However, management had since charged the officer for the delay. The Controlling Officer further informed your Committee that input documents to recover K5,260 had been prepared for the month of February, 2016 and documents were available for verification.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

t) Delays in Reporting Accident – PHO Lusaka

The Controlling Officer informed your Committee that the officer had been charged an amount which is equivalent to gross salary amounting to K150,378 and the recoveries had started running on his payslip. He further submitted that the documents were available for verification. The Committee recommended the matter for closure subject to audit verification.
Committee’s Observations and Recommendations

Your Committee observes that the Controlling Officer failed to render justifiable reasons for this delay in reporting the accident. The Controlling Officer was also urged to provide proof to the Office of the Auditor General that the recoveries were being effected for verification. The Committee recommends the matter for closure subject to audit verification.

u) Under Collection of Student Fees – Mufulira School of Nursing - K100,535

The Controlling Officer confirmed that it was true that K100,535 for students’ school fees was not collected. This was because some students discontinued school and did not pay an amount of K51,360. However, the balance of K49,175 was being followed up through the General Nursing Council (GNC) for the third year students who graduated without fully paying the fees so that they could settle the amount. Documents were available for verification.

Committee’s Observations and Recommendations

Your Committee finds the failure by the Controlling Officer to collect amounts owed by the graduating students unacceptable. Your Committee implores the Controlling Officer to ensure that disciplinary action was taken by the officers responsible for this failure and that the remaining balance of K49,175 be collected without further delay. Your Committee would await a progress report on the matter.

v) Unaccounted for Revenue - K254,200

The Controlling Officer submitted that out of K254,200 revenue that was not accounted for K29,344 under Macha and Kabwe Mine Hospitals had since been accounted for, leaving a balance of K224,856 under Lewanika General Hospital. Further, students fees under Macha School of Nursing were deposited directly into the school account before students reported for school. In this regard, deposits amounting to K13,460 could be verified on the bank statements and were available for verification. The Controlling Officer further informed your Committee that the amount of K15,884 under Kabwe General Hospital was also deposited in March, 2015 and documents were available for verification. However, the amount of K224,856 under Lewanika General Hospital was misappropriated and the officers concerned had been recommended for dismissal and prosecution. The funds would be recovered from their terminal benefits. Documents were available for verification. Furthermore, management had since strengthened the internal controls so that revenue could be well accounted for as guided by the Financial Regulations.

Committee’s Observations and Recommendations

Your Committee notes that the officers responsible for the misappropriation of the amount of K224,856 have not yet been dismissed. Your Committee therefore, recommends that recoveries of the funds commence as they are still serving as employees of the Government while awaiting dismissal. In this vein, your Committee resolves that the documents relating to the Macha and Kabwe General Hospitals be presented to the Auditor General for verification and a progress report be submitted on the outstanding amount (K224,856).

w) Under Banking of Revenue - Kabwe Mine Hospital - K3,913

The Controlling Officer submitted to your Committee that the amount of K3,913 which was under banked had been recovered from the responsible officer and the officer had since been charged. A copy of the charge letter was available for verification.
Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

x) Delayed Bankings - K649,386

The Controlling Officer submitted that the responsible officers had been reprimanded. Further, management had ensured that regular checks were done on a weekly basis to ensure that funds were banked regularly as stipulated in the Financial Regulations.

Committee’s Observations and Recommendations

Your Committee finds the practice of delaying banking up to 205 days unacceptable. The Controlling Officer is urged to take disciplinary action against the officers responsible for this serious breach of financial regulations. Your Committee resolves to close the matter subject to audit verification.

y) Provincial Health Office - Southern Province

The Controlling Officer informed your Committee that disciplinary action had been taken against the erring officers and the Senior Accountant had been suspended and recommended for dismissal. Documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee implores the Controlling Officer to immediately institute recoveries from the salaries of the officers responsible for these unauthorized payments. Your Committee, further, strongly urges the Controlling Officer to ensure that the matter is reported to law enforcement agencies for further probe as the amounts in question appear to have been fraudulently obtained. A progress report is awaited by your Committee.

z) Infrastructure Development

i. Delays in the Implementation Projects- Northern Province - K1,210,000

The Controlling Officer informed your Committee that works had started in November, 2015 and the Chilubi project had since been completed. The works for the remaining five projects were still ongoing.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that works are monitored and completed on time in order to enable the beneficiaries to access the much needed health services. Your Committee directs that documents relating to the Chilubi project be submitted to the Auditor General for verification while a progress report is awaited by your Committee on the five outstanding projects.

ii. Poor Workmanship and Incomplete Works - Western Province

The Controlling Officer submitted that the contractor had been directed to go back to the site and attend to the defects as the defects liability period had not yet lapsed.

Committee’s Observations and Recommendations

Your Committee awaits a progress report on whether the defects have been attended to by the Contractor.
iii. Poor Workmanship and Incomplete Works – Copperbelt Province

The Controlling Officer submitted that the construction of a standard maternity block at Chimwemwe Clinic in Kitwe had been completed and all the outstanding works had been done.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

iv. Poor Workmanship and Incomplete Works – Eastern Province

The Controlling Officer submitted the following status:

- **Lundazi**
  - The Contract had been recommended for termination by the Ministerial Procurement Committee and the Ministry had written to the Ministry of Justice for Legal opinion before notifying the Contractor.

- **Chipata**
  - As of December 2015, the status was that the administration block, the Out Patient Department, Xray department and the maternity wing were near completion.

- **Nyimba**
  - The status as of December, 2015, was that the administration block was 95 percent complete and the Out Patient Department 75 percent complete. However, the extension of the contract period was granted for Chipata and Nyimba District Hospitals and documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that lack of monitoring of the projects results in the loss of public funds. The Controlling Officer is urged to ensure that the works are thoroughly supervised and expeditiously completed. A progress report is awaited by your Committee.

v. Poor Workmanship and Incomplete Works – Northern Province

The Controlling Officer informed your Committee that the painting, fitting of doors, glazing, electrical fittings, flooring and plumbing works on the ten staff houses was ongoing. Further, the roofing, plastering and painting, iron mongery, flooring, electrical fittings and the soak away system on the male ward, were almost complete. In this regard, the hospital was scheduled for commissioning in February, 2016.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

vi. Poor Workmanship and Incomplete Works – Lusaka Province

The Controlling Officer submitted that the works at Bunda bunda Health Centre in Rufunsa District were still outstanding. The contractor had been instructed to go back to the site and rectify the defects and a copy of the letter from the PBE was available for verification. Additionally, the variation order of the payment of K3,791 was granted.

Committee’s Observations and Recommendations

Your Committee expresses concern as to why the variation order of payment is granted before the defects are rectified. The Controlling Officer is urged to ensure that all the defects on the
project are corrected without any further delay. A progress report is awaited by your Committee.

vii. Poor Workmanship and Incomplete Works – Luapula Province
The Controlling Officer informed Your Committee that the completion of Lambwe Chikwama Health Post in Chiengi was in progress. The main structure was complete while works on the two VIP latrines and staff houses were still in progress.

Committee’s Observations and Recommendations
Your Committee urges the Controlling Officer to ensure that the works are thoroughly supervised and expeditiously completed.

viii. Poor Workmanship and Incomplete Works – Central Province
The Controlling Officer submitted the status on the Eleven projects under Central Province in the table below.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DISTRICT</th>
<th>NAME OF PROJECT</th>
<th>RESPONSE TO AUDITOR’S OBSERVATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>Construction of staff house at Kalwelwe RHC</td>
<td>The handover of the structure was delayed due to the lack of a VIP pit latrine. Nonetheless, the house had since been handed over as the Contractor had built the VIP pit latrine.</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>Construction of Service block at Kabwe Mine Hospital</td>
<td>The works delayed because the MOH gave additional works to the contractor to build 3 offices on the old slab, laundry, walkways and extension to the kitchen by 3.5 metres. Both the laundry and kitchen blocks had since been roofed plastered, had frames fitted, and the floor screed done. The Contractor had been granted extension of time up to 30/11/2015 as he had to execute the above additional works.</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>Construction of Hostel at Kabwe School of Nursing</td>
<td>The spoon drains were not part of the initial Contract. However, these works would be executed in 2016.</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>Rehabilitation of Mahatma Gandhi Clinic</td>
<td>The defects liability period ended and therefore, the Ministry was seeking legal opinion from the Attorney General on the matter.</td>
</tr>
<tr>
<td>5</td>
<td>KABWE</td>
<td>Construction of Trauma Centre at Kabwe General Hospital</td>
<td>The initial scope of works had been completed. The Contractor had been given extra works. The cost of extra works had also been budgeted for under the 2016 budget.</td>
</tr>
<tr>
<td>6</td>
<td>CHIBOMBO</td>
<td>Construction of maternity block at Chabona</td>
<td>The contractor passed away in 2016 and the administrator had opted out of the contract due to lack of capacity. Another Contractor would be engaged to complete the remaining works.</td>
</tr>
<tr>
<td>7</td>
<td>CHIBOMBO</td>
<td>Electrification of Malombe RHC</td>
<td>ZESCO was yet to move onto the site soon after the wiring was done. The Provincial Medical Officer (PMO) had been instructed to pay for the wiring using the available funds.</td>
</tr>
</tbody>
</table>
### Committee’s Observations and Recommendations

Your Committee strongly urges the Controlling Officer to seriously review the selection process of contractors by ensuring that the capacity of the selected contractors is not questionable in order to avoid loss of public funds due to poor workmanship, abandoned works and failure to complete works within the contract period. A progress report on the outstanding works is awaited by your Committee.

#### ix. Poor Workmanship and Incomplete Works – Muchinga Province

The Controlling Officer submitted that three (3) projects were being undertaken in Muchinga Province. However, the projects had not been completed as submitted below.

- **MPIKA**
  Works which were outstanding at Mpika General Hospital had been completed.

- **NAKONDE**
  Works were in progress and the Contractor had applied for an extension which was yet to be approved by the Ministry of Works and Supply.

- **ISOKA**
  Works were in progress and the Contractor had applied for an extension which was yet to be approved by the Ministry of Works and Supply.

### Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the current status of works in Nakonde and Isoka. For Mpika, the matter is recommended for closure subject to audit verification.
MINISTRY OF HEALTH

AUDIT QUERY

UNITS : Various
PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

49. An examination of accounting and other records maintained at the Ministry for the period under review carried out in July, 2015, revealed several weaknesses to which the Controlling Officer responded as set out below.

a) Irregular Payment of Salary Arrears - K188,126

The Controlling Officer submitted that the salary arrears irregularly paid to the eight officers were being recovered from each respective officer’s salary. The recoveries started in October, 2015 and would end in September, 2016. Documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that the Controlling Officer was encouraging irregular conduct. Your Committee recommends that the Controlling Officer institute disciplinary action against all the officers responsible for this irregularity. Further, the Controlling officer should ensure that, in future, salary arrears are not paid to officers who are internally promoted before getting confirmation from the Public Service Management Division. Your Committee will await a progress report on the matter.

b) Irregular Payment of Tuition Fees – K92,560

The Controlling Officer submitted that all the students had approved study leave. He explained that the study leave forms were not presented to the Auditors at the time of audit because the files were moved to the Ministry of Community Development. Nevertheless, the forms had currently been retrieved and were available for audit verification.

Committee’s Observations and Recommendations

Your Committee notes the response but urges the Controlling Officer to ensure that internal controls are strengthened in order to avoid a recurrence of this irregularity. Your Committee further urges the Controlling Officer to institute disciplinary action against all erring officers in this matter. Your Committee, however, recommends that the matter be closed subject to audit verification.

c) Unaccounted for Stores - K648,838

The Controlling Officer submitted that the unaccounted for stores amounting to K648,838 which had no receipt and disposal detail had since been accounted for and the documents were available for verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the officers to avail accounting documents to the Auditors at the time of audit. In this light, your Committee urges the Controlling Officer to institute appropriate disciplinary action against the erring officers. Nevertheless, the matter is recommended for closure subject to audit verification.
d) Failure to Dispose of Obsolete Equipment

The Controlling Officer informed your Committee that, the Ministry of Finance had requested the Standing Board of Survey to assist the Ministry in disposing of the obsolete equipment. A letter from the Ministry of Finance was available for verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Ministry to initiate the process of disposal of obsolete items before the audit. Your Committee urges the Controlling Officer to ensure that obsolete items are disposed of without any further delay. Your Committee resolves to await a progress report on the matter.

e) Failure to Insure Government Buildings

The Controlling Officer submitted that the Government Valuation Department had valued the building at K25,743,000. The Ministry would engage the Ministry of Finance to secure the funds for insurance since the insurance cost was not budgeted for in the 2014 budget provision. The Ministry would insure the building in the 2016 financial year once the funds were released by the Ministry of Finance.

Committee’s Observations and Recommendations

Your Committee observes with concern that a budgetary provision for the Ministry is expected to factor in such expenses as it is mandatory for all Government assets to be insured. In this regard, the Controlling Officer is strongly urged to ensure that the necessary funds to insure the building are secured in order to avoid the possible loss of Government property in the case of a calamity. Your Committee resolves to await a progress report on the matter.

f) Funds for Ebola Preparedness

i. Failure to Provide Expenditure Returns - K600,000

The Controlling Officer informed your Committee that at the time of audit three provinces which received amounts totalling K600,000 had not submitted the expenditure returns. This was because the sensitisation programmes on Ebola were still in progress. The programmes had since been concluded and the three provinces had since submitted the returns. The returns were available for verification.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

ii. Unaccounted for Funds - K466,677

The Controlling Officer submitted that the amount totalling K466,677 which was unaccounted for during the audit had been accounted for and the documents were available for verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that the Ministry failed to account for the said funds during the audit and urges the Controlling Officer to immediately take disciplinary action against the erring officers. The matter is recommended for closure subject to audit verification.
g) Social Health Insurance Scheme

i. Failure to Remit Funds to the Social Health Insurance Scheme Account
The Controlling Officer informed your Committee that funds for the Social Health Insurance Scheme would be transferred to the appropriate account. The expenditure ledgers were maintained and were available for verification.

Committee’s Observations and Recommendations

Your Committee finds the response by the Controlling Officer inadequate and unacceptable. In this regard, your Committee urges the Controlling Officer to institute disciplinary action against all officers responsible for the failure to transfer the funds and to maintain the expenditure ledgers. Further, your Committee implores the Controlling officer to ensure that internal controls are enhanced to avoid recurrence. The Office of the Auditor General is requested to keep the matter in view of future audits.

ii Misapplication of Funds - K3,570,000
The Controlling Officer informed your Committee that the observation made by the auditors that funds totalling K3,570,000 were used to procure fifteen motor vehicles was correct. He submitted that the purchase of motor vehicles was planned for in the year 2013 and included in the Action Plan for the Ministry under the Social Health Insurance budget line in the Directorate of Policy and Planning. The vehicles could not be purchased from the Social Health insurance budget line in 2013 due to delays in procurement procedures thus, procurement was done in 2014. The vehicles procured were distributed to the provinces as well as the Ministry Headquarters to assist in the implementation of the programme.

Additionally, authority was sought from the Secretary to Treasury requesting for the variation of funds under the Social Health Insurance and Medical Equipment Budget lines. The Secretary to the Treasury in his response advised that the expenditure would be captured under the Excess Expenditure Appropriation Bill for 2014.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

h) Medical Supplies

i. Outstanding Suppliers’ Bills - K497,504,108
The Controlling Officer submitted that it was true that the Ministry had an outstanding bill of K497,504,108.42 which was escalated due to the volatility of exchange rates against the kwacha as most of the contracts for drugs were quoted in dollars. However, the Ministry of Finance released the amount of K614,435,580 and K497,504,108 was paid out to the suppliers. The balance of K116,931,472 was also paid out to the suppliers for the new consignments.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that amounts due to suppliers of drugs and medical supplies are paid on time to avoid the possibility of the Government being charged huge amounts in interest in the event of any litigation arising from delayed payments. The matter is, however, recommended for closure subject to audit verification.
ii. **Misapplication of Funds - K40,504,213**

The Controlling Officer confirmed that: K14,361,966 was spent on Treatment Abroad from the Drug Account. This amount would be captured under the Excess Expenditure Appropriation Bill for 2014. Further, an amount of K25,000,000 was transferred to MOH Expanded Basket Account as a refund for the borrowed funds and this matter was resolved with the Office of the Auditor General. The Controlling Officer further confirmed that an amount of K1,137,246.59 was used on other payments. However, this amount would be captured under the Excess Expenditure Appropriation Bill for 2014.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that funds meant for other activities are misapplied despite this being against the Financial Regulations which prohibit the misapplication of such funds. Your Committee abhors the fact that the Controlling Officer in this case seems to hold the view that as long as the expenditure is captured in the Excess Expenditure Appropriation Bill, any misapplication is excusable, when in fact not. Your Committee, in this regard, wishes to remind the Secretary to the Treasury to caution all Controlling Officers against this practice as it results in the deprivation of funding to budgeted activities. Therefore, your Committee urges the Controlling Officer to ensure that the Ministry gets its priorities right by implementing activities according to approved annual plans. Your Committee further urges the Controlling Officer to, in future, seek appropriate authority before any variation of funds is done. Your Committee resolves to await a progress report on the matter.

i) **Medical Equipment**

i. **Wasteful Expenditure through Exchange Losses - K310,693**. The Controlling Officer confirmed that during the period in question, the exchange rates against the Kwacha were volatile and beyond the control of the Ministry. The Controlling Officer informed your Committee that the rate with Investrust Bank to facilitate the finalisation of the Letter of Credit and the delays in receiving the funding in the Control Account, led to the delay in remitting the funds to the Medical Equipment Account, therefore, incurring an exchange loss. A letter and bank statement from ZANACO was availed for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern on the loss incurred by the Government due to the fluctuation of the exchange rates. Your Committee urges the Secretary to the Treasury to coordinate closely with MPSAs in order to plan expenditure commitments carefully and avert such losses. Your Committee further recommends that a loss report be processed and that the matter be closed, subject to audit verification.

ii. **Supply, Delivery and Installation of Laboratory Equipment**

The Controlling Officer submitted that it was true that the Ministry awarded a contract No. MOH/ORD/032/12-1 to the Scientific Group for supply, delivery and installation of laboratory equipment for various hospitals in the country at a total contract sum of K5,580,808. It was regrettable that documents were not availed at the time of audit. The contract, distribution schedule and status of installation reports for the equipment are made available for verification. However, what was outstanding was the physical inspection of the equipment. The equipment was delivered at various institutions and was ready for inspection.

**Committee’s Observations and Recommendations**

Your Committee recommends that the matter be closed subject to audit verification.
iii. **Supply, Delivery, Installation and Commissioning of Mortuary Units**
The Controlling Officer informed your Committee that it was true that the Ministry awarded a contract, No. MoH/ORD/048/13-02 on 30th May 2014 for K1,167,600 to CK Works for the supply, delivery, installation and commissioning of fifteen mortuary units for various hospitals and equipment for mental treatment at Chainama Hospital with a delivery period of 4 – 8 weeks.

Further, your Committee was informed that all the equipment was delivered. The acceptance certificates were availed to the Auditors. However there was a variation in the distribution of the mortuary units for two hospitals; Chipata General and Ronald Ross. The mortuary unit meant for Chipata General Hospital went to Nyanje Mission Hospital while the one for Ronald Ross Hospital was sent to Masaiti District Hospital. Authority to divert the mortuary units was granted by the Controlling Officer. The mortuary units for Nyanje and Masaiti were installed and were currently working.

**Committee’s Observations and Recommendations**
Your Committee recommends that the matter be closed subject to audit verification.

iv. **Supply, Installation and Commissioning of Industrial Washer Extractors**
The Controlling Officer submitted that it was true that the Ministry engaged Matra Manufacturing and Trading Investments, on contract No.02/TB/ORD/014/12 on 12th December, 2014 for the supply, installation and commissioning of industrial washer extractor amounting to K513,998 at various hospitals. The machines were installed in six hospitals except for Chadiza.

The Controlling Officer further reported that the industrial washer extractor for Chadiza District Hospital was also installed and was ready for inspection.

**Committee’s Observations and Recommendations**
Your Committee recommends that the matter be closed subject to audit verification.

j) **Infrastructure Development - Failure to Complete Projects on Time**
The Controlling Officer submitted that the following projects had not been completed on time due to the following reasons:

i. **Chillilabombwe District Hospital**
The expected completion date for the works as stated was 23rd April, 2015. The contractor had since submitted a request for extension of time for various reasons such including delayed payments and unforeseen weather patterns. After review of the reasons submitted by the contractor, an extension of time of up to 19th November, 2015 had been recommended by the Director of Buildings. The works are currently at 80% completion.

**Committee’s Observations and Recommendations**
Your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

ii. **Mungwi District Hospital**
The contract between Ministry of Health and Yangste Jiang Enterprises was terminated in 2014 due to delay by the contractor in submitting the performance bond as stipulated in the contract. Following termination of the contract, the Ministry of Health has since engaged China Gansu Engineering Corporation at a cost of K14,729,148.37. Work commenced in February, 2015.
Committee’s Observations and Recommendations

Your Committee expresses concern at the Government’s loss of public funds resulting from the termination of the contract with Yangste Jiang Enterprises and the subsequent engagement of China Gansu Engineering Corporation. Your Committee urges the Controlling Officer to ensure that the project is closely supervised and expeditiously completed. Your Committee awaits a progress report on the matter.

iii. Vubwi District Hospital
The construction of Vubwi District Hospital was being undertaken by Zamchin Construction Ltd at a cost of K13,070,094.68. The start date for the project is 15th January, 2015 and completion date of 15th January, 2016. The sub-structure for the Hospital had been completed and the concrete slab for the administration block had been completed. The works were still ongoing, and the contractor had been issued the first warning for delaying works. A copy of the letter from the Director of Buildings was available for verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the current works are closely supervised and completed without further delay. Your Committee awaits a progress report on the matter.

iv. Chipata District Hospital
The expected completion date for the works as stated was 17th December, 2014. The contractor submitted a request for extension of time for various reasons such as delayed payments, unforeseen weather patterns and extra excavation due to differences in ground levels. The request was considered by the Project Manager (Director of Buildings) and an extension granted of up to 6th November, 2015. He added that liquidated damages may only be charged once the contractor defaulted beyond the extendable period.

Committee’s Observations and Recommendations

Your Committee observes with concern that the Government is losing resources through such extensions. Your Committee notes that such extensions deprive the beneficiary communities of the enjoyment of the facilities under construction. In this vein, your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

v. Nyimba District Hospital
The expected completion date for Nyimba District hospital was 30th October, 2015. However, the contractor requested for an extension. The current status was that the works were 95 percent complete for the administration block and 75 percent complete for the Out Patient Department.

Committee’s Observations and Recommendations

Your Committee notes that such extensions deprive the beneficiary communities of the enjoyment of the facilities under construction. In this vein, your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee resolves to await a progress report on the matter.

vi. Lundazi District Hospital
The expected completion date for Lundazi District Hospital was 5th September, 2014. However the contract has been recommended for termination due the delay by the
Committee’s Observations and Recommendations

Your Committee observes that the contractor on this project lacked capacity which has, consequently, delayed the project beyond the contract period. Your Committee, therefore, urges the Controlling Officer to ensure that contractors are thoroughly screened for capacity to fulfill the contractual obligations before being engaged on projects. Your Committee resolves to await a progress report on the matter.

MINISTRY OF TRANSPORT, WORKS, SUPPLY AND COMMUNICATIONS

AUDIT QUERY

<table>
<thead>
<tr>
<th>UNITS</th>
<th>PROGRAMMES</th>
<th>ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various</td>
<td>Various</td>
<td>Various</td>
</tr>
</tbody>
</table>

Accounting and Other Irregularities

50. An examination of accounting and other records maintained at the Ministry Headquarters and inspections of projects in selected districts and provinces carried out in June, 2015, revealed several weaknesses to which the Controlling Officer responded as set out below.

a) **Excess Expenditure - K3,311,799**

The Controlling Officer informed your Committee that the Ministry in the year under review was required to participate in a number of national events owing to the services that it rendered to the general public. However, the budget line for the events was not adequate to cater for all the planned activities. This meant that some activities were catered for from the savings made on other budget lines. Efforts were made to have the expenditure normalised by writing to the Secretary to the Treasury. However, the Ministry’s submission was not considered because the 2014 Supplementary Estimates were already presented and approved by Parliament. In view of the forgoing, the Controlling Officer proposed that the excess expenditure be included in the 2014 Excess Expenditure Bill which would be presented to the National Assembly within thirty months after the end of the 2014 financial year, in this case, by 2017 as guided by the Financial Regulation No. 35 (1) and 35 (2).

Committee’s Observations and Recommendations

Your Committee sternly warns the Controlling Officer against such unauthorised expenditures but reminds him to strictly adhere to the provisions of the Financial Regulations regarding the authorisation of all expenditures and the timely submission of supplementary estimates in future. Your Committee implore the Secretary to the Treasury to take necessary action against the Controlling Officer for this breach in accordance with the Financial Regulations and recommends further that the expenditure be allowed to stand as a charge against public funds. They await a progress report on the matter.

b) **Failure to Avail Expenditure Details**

The Controlling Officer informed your Committee that the savings that were reported as unspent were spent on various notable capital items such as the procurement of airport radars, water vessels and other programmes like the dismantling of arrears, whose details were available for audit verification.
Committee’s Observations and Recommendations

Your Committee observes that the failure to avail expenditure details at the time of audit is a serious omission for which the Controlling Officer should institute disciplinary action against the erring officers without delay. The matter is, however, recommended for closure subject to audit verification.

c) Payments on Unidentified Activity Codes - K40,251,506

The Controlling Officer submitted that the activity codes appearing on the original payment vouchers were incorrect as they could not be identified in the IFMIS system despite the fact that when the payments were made, the correct codes were used. The wrong activity codes on the original payment vouchers had since been corrected and availed for audit verification.

Committee’s Observations and Recommendations

Your Committee takes great exception as being used as a clearing house for audit queries such as this one which could have been cleared with the Office of the Auditor General during the audit process. In this regard, your Committee implores the Controlling Officer to institute disciplinary action against officers responsible for the failure to avail the necessary information at the time of audit. Further, your Committee directs that all documentation be availed to the Auditor General’s Office for verification, subject which the matter should be closed.

d) Misapplication of Funds - K2,589,493

The Controlling Officer informed your Committee that the released funds for the construction of office blocks for the Provincial Building Engineers for Choma and Chinsali amounting to K2,200,000 were expended on other activities under programme 1012 on infrastructure development. The activity to construct the above mentioned projects could not take off because there was a delay in the allocation and demarcation of land for the said projects. In this regard, authority was sought by the Director of Buildings from the Permanent Secretary to vary funds to other capital projects within the same programme. This was done in accordance with the General Notes page 1x paragraph (f) I of the Yellow Book. Additionally, the source of the extra K 389,493.00 was a variation from the construction of an Office Block for the Buildings Department Headquarters (Program 1012 Activity 244) and authority was sought, therefore, bringing the total to K2, 589,493. Furthermore, the K88, 200 which was a variation from the infrastructure development programme to the events programme was part of the excess expenditure in paragraph 50 (a) above.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that evidence is not provided to auditors during the time of audit. In this vein your Committee urges the Controlling Officer to take disciplinary action against all officers responsible for this lapse. Further, your Committee strongly warns the Controlling Officer to desist from unilaterally varying funds and delaying the execution of approved activities. The matter is, however, recommended for closure subject to audit verification.

e) Unaccounted for Stores - K2,132,433

The Controlling Officer informed your Committee that the documentation pertaining to the stores items had been traced and was available for audit verification.
Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to avail disposal details to the Auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. The matter is, however, recommended for closure subject to audit verification.

f) Unretired Accountable Imprest - K550,419

The Controlling Officer informed your Committee that the reported amount of K550,419 had been retired and the documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses great concern over officers failure to avail information to the auditors during the audit process and only presented responses when summoned to appear before it. Your Committee strongly advises the Controlling Officer to ensure that Officers at the Ministry cooperate with the Office of the Auditor General as required by the relevant laws in order to resolve such queries before the Auditor General’s report is finalised. The matter is, however, recommended for closure subject to audit verification.

g) Irregular Purchase of Equipment - K1,313,510

The Controlling Officer informed your Committee that the Department of Office Equipment and Maintenance was one of the departments under the Ministry and at least one member sat on the Ministerial Tender Committee to offer guidance on the purchase of office equipment for the Ministry. Your Committee was informed that the Ministry had since come up with a standard document outlining the principles that should be applied across the Government in the procurement and management of office equipment.

Committee’s Observations and Recommendations

Your Committee finds the explanation by the Controlling Officer unsatisfactory and urges him to institute disciplinary action against the officers who flouted Statutory Instrument No. 22. A progress report is awaited by your Committee.

h) Unacquitted for Funds - K384,410

The Controlling Officer informed your Committee that the acquittal sheets for payments amounting to K384,410 were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Officers to avail acquittal sheets to the Auditors at the time of audit. The Controlling Officer is urged to take disciplinary action against the erring officers for this lapse. The matter is, however, recommended for closure subject to audit verification.

i) Unauthorised Holding of Workshops and Seminars - K888,088

The Controlling Officer submitted that the Ministry had since been granted retrospective authority to hold workshops and seminars by the Secretary to the Cabinet. Further, all directors and heads of units had been reminded to abide by Cabinet Circular No. 9 of 2012. The minutes to all departmental heads and authority from the Secretary to Cabinet were available for audit verification.
Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the officers to provide information at the time of the audit. In this vein, your Committee urges the Controlling Officer to institute disciplinary action against all those responsible for this lapse. Further, your Committee directs the Controlling Officer to submit all documents for audit verification. Your Committee will await a progress report on the matter.

j) Failure to Distribute Speed Boat Engines - K1,540,000

The Controlling Officer clarified that these were not speed boat engines, but passenger vessel engines. He informed your Committee that the delay was due to the non-availability of funds for the transportation and installation of the engines. However, the Department of Maritime and Inland waterways started distributing the twenty marine engines in October, 2015.

In this regard, the first five engines were delivered to Samfya, Chilubi and Mongu districts as indicated in the table below:

<table>
<thead>
<tr>
<th>S/N</th>
<th>District</th>
<th>Waterway of operation</th>
<th>Number of Engines distributed</th>
<th>H/P</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Samfya</td>
<td>Lake Bangweulu</td>
<td>2</td>
<td>150</td>
</tr>
<tr>
<td>2.0</td>
<td>Mongu</td>
<td>Zambezi River</td>
<td>1</td>
<td>200</td>
</tr>
<tr>
<td>3.0</td>
<td>Chilubi</td>
<td>Bangweulu</td>
<td>2</td>
<td>150</td>
</tr>
</tbody>
</table>

The remaining fifteen (15) would be distributed as follows:

<table>
<thead>
<tr>
<th>S/N</th>
<th>District</th>
<th>Waterway of operation</th>
<th>Number of Engines distributed</th>
<th>H/P</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Siavonga</td>
<td>Kariba</td>
<td>2</td>
<td>150</td>
</tr>
<tr>
<td>2.0</td>
<td>Luangwa</td>
<td>Luangwa/Zambezi</td>
<td>2</td>
<td>150</td>
</tr>
<tr>
<td>3.0</td>
<td>Namwala</td>
<td>Karue</td>
<td>2</td>
<td>150</td>
</tr>
<tr>
<td>4.0</td>
<td>Shang’imbo</td>
<td>Zambezi River</td>
<td>1</td>
<td>150</td>
</tr>
<tr>
<td>5.0</td>
<td>Kalabo</td>
<td>Zambezi/Lwanginga River</td>
<td>1</td>
<td>200</td>
</tr>
<tr>
<td>6.0</td>
<td>Chavuma</td>
<td>Zambezi River</td>
<td>1</td>
<td>200</td>
</tr>
<tr>
<td>7.0</td>
<td>Nchelenge</td>
<td>Mweru</td>
<td>2</td>
<td>150</td>
</tr>
<tr>
<td>9.0</td>
<td>Mpalungu</td>
<td>Tanganyika</td>
<td>2</td>
<td>150</td>
</tr>
<tr>
<td>7.0</td>
<td>Zambezi</td>
<td>Zambezi</td>
<td>2</td>
<td>150</td>
</tr>
</tbody>
</table>

After the delivery of twenty engines, the Ministry entered into a second contract with Marvyl to install the engines on the twelve passenger boats. Your Committee was informed that the installation programme would still be done once funds were made available.

Committee’s Observations and Recommendations

Your Committee expresses concern that the Controlling Officer has not been aggressive in ensuring that the engines are distributed to the intended areas of operation. Your Committee reminds the Controlling Officer of his duty to ensure that funded or donated items are distributed within the scheduled time. Your Committee resolves to await a progress report on the matter.

k) Procurement of Dredgers/Cargo Vessels

The Controlling Officer clarified that the Ministry procured twenty seven dredgers as opposed to the thirty dredgers as reported in the Auditor General’s Report. The other three pieces of equipment reported as dredgers were actually passenger vessels. Your Committee was further informed that the twenty seven dredgers were procured as indicated in the table below.
### Status of Procurement of Dredgers and Vessels as at 31st December, 2015

The Ministry did not provide for the purchase of dredgers in its 2015 budget estimates of revenue and expenditure because the procurement of dredgers was provided for from the 2015 Eurobond funding. In this regard, the Ministry of Finance released supplementary funding amounting to K375,520,388 paid to three suppliers for the twenty seven dredgers as at 31st December, 2015.

### Committee’s Observations and Recommendations

Your Committee does not accept the reasons given by the Controlling Officer and urges him to institute disciplinary action against the erring officers for their failure to avail the required information to the Auditors. Your Committee urges the Controlling officer to ensure that all the equipment is delivered in accordance with the agreements. Your Committee will await a progress report on the matter.

### Questionable Contracts to Supply Spare Parts for Dredgers

The Controlling Officer informed your Committee that the two contracts for the purchase of spare parts were signed in June, 2014 and were meant to service the already existing old six dredgers stationed country wide. The purchase was prompted by a number of breakdowns experienced by the dredgers. The Ministry had five water master dredging machines working and needed scheduled repairs and maintenance. Therefore, the spares parts were meant for use on these already old existing machines, which were stationed as follows: two are in Lunga District, one in Mongu, one in Lundazi District and one in Kafue. Secondly, the contracts for the procurement of twenty seven dredgers were specifically meant for the supply and delivery of these machines, independent of procurement of spare parts. In that connection, the one year warranty did not cover the supply of spare parts, but only repairs of the machines in the event of breakdowns. The spare parts were tailor made and could only be purchased as and when requested hence the reason to stockpile.

i. At the time of signing the contract, the Ministry did not have funds to make the initial payment of 25 percent of the contract price within 30 days as required by the contract.

The Ministry received substantial funding in August, six months after contract signing. Owing to erratic funding, the Ministry requested the suppliers to produce 100 percent insurance bond. The suppliers met the condition and were paid in full.

ii. The delivery notes from KBH and Herpworth were available for scrutiny. In this regard, the Ministry was ready and the schedules of spare parts are available for identification and verification.
Committee’s Observations and Recommendations

Your Committee finds it highly irregular that payments have preceded the singing of contracts for the supply of spare parts. Your Committee also expresses concern on the 100 percent payment made which is contrary to the terms and conditions of the contract. Your Committee urges the Controlling Officer to ensure that the matter is reported to law enforcement agencies for further probe. Your Committee awaits a progress report on the matter.

m) Failure to Distribute Camping Equipment

The Controlling Officer informed your Committee that the Department has been distributing the camping equipment together with the new dredgers. The last batch of three sets of camping equipment was distributed on 5th February, 2016 to Mongu, Kalabo and Nalolo districts of Western Province. The table below shows the areas where the camping equipment had been delivered and the waterways of operation:

<table>
<thead>
<tr>
<th>S/N</th>
<th>District</th>
<th>Waterways</th>
<th>Number of camping Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Lundazi</td>
<td>Lundazi River</td>
<td>3</td>
</tr>
<tr>
<td>2.0</td>
<td>Nchelenge</td>
<td>Mweru harbour</td>
<td>1</td>
</tr>
<tr>
<td>3.0</td>
<td>Samfya</td>
<td>Samfya Harbour</td>
<td>1</td>
</tr>
<tr>
<td>4.0</td>
<td>Chilubi</td>
<td>Chilubi Harbour</td>
<td>1</td>
</tr>
<tr>
<td>5.0</td>
<td>Nalolo</td>
<td>Zambezi River</td>
<td>1</td>
</tr>
<tr>
<td>6.0</td>
<td>Mongu</td>
<td>Mulamba Harbour</td>
<td>2</td>
</tr>
<tr>
<td>7.0</td>
<td>Kafue</td>
<td>Kafue River</td>
<td>1</td>
</tr>
<tr>
<td>8.0</td>
<td>Shiwang’ndu</td>
<td>Shiwang’ndu Dam(Zesco)</td>
<td>2</td>
</tr>
<tr>
<td>9.0</td>
<td>Lunga</td>
<td>Buyantanshi Canal</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Kalabo</td>
<td>Lwanginga /Zambezi</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>15</td>
</tr>
</tbody>
</table>

Committee’s Observations and Recommendations

Your Committee is concerned that it took the Ministry over a year to distribute the camping equipment, therefore, depriving the intended beneficiaries the use of the equipment during that time. Your Committee urges the Controlling Officer to ensure that such delays do not recur in future. The matter is, however, recommended for closure subject to audit verification.

n) Construction of Kasama Airport Runway

The Controlling Officer informed your Committee that the Ministry had since appointed a consultant after obtaining a “No Objection” from the Zambia Public Procurement Authority (ZPPA), to direct bid Ng’andu Consulting who were part of the design engineers to carry out supervision services during the construction period.

The Controlling Officer further explained that the consultant could not be appointed at that time as the issue was being investigated by the Anti-Corruption Commission (ACC). The investigations into the matter had since been completed by the ACC. So the Ministry had gone ahead to appoint a consultant whose contract was at the Ministry of Justice awaiting clearance. Further, due to delayed payments, the Government was sued by UWP. However, the matter had since been resolved outside court. Nevertheless, the project could not commence because the designs were owned by the UWP who were demanding payment for them.

Committee’s Observations and Recommendations

Your Committee expresses concern that the Ministry engaged and paid the contractor an advance payment of K28,202,523 before the consultant was appointed. Your Committee cautions the Controlling Officer to follow procedure by minimising the awarding of contracts to questionable contractors. Your Committee awaits a progress report on the current status of the project.
o) **Construction of a Fire Station at Chipata Airport**

The Controlling Officer submitted before your Committee that less than half of the project had been paid on certified works. However, works on the project had stalled owing to non-payment for certified works.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that the delays in the completion of the project may result in additional costs due to price increases. Your Committee, therefore, urges the Secretary to the Treasury keep a close eye on such on-going projects so as to ensure that adequate funds are made available to facilitate timely completion.

**MINISTRY OF TRANSPORT, WORKS, SUPPLY AND COMMUNICATION**

<table>
<thead>
<tr>
<th>PROGRAMMES</th>
<th>Third Party Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTIVITIES</td>
<td>Infrastructure Development – New Districts</td>
</tr>
</tbody>
</table>

**Accounting and Other Irregularities**

51. As of June 2014, the contractors had been paid amounts totaling K277,062,843 leaving a balance of K923,062,840. There were some weaknesses and the Controlling Officer responded as set out below.

i. **Failure to Commence Works**

The Controlling Officer informed your Committee that there were various reasons for contractors in the named locations not to have taken possession of site by May, 2015 or had failed to make progress on site. Your Committee was, however, informed that various actions were being taken such as the issuance of warning letters and later on recommendations for the termination of those contracts on which no meaningful progress had been made after the lapse of the warning letters period of improvement.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to seriously review the selection process of contractors by ensuring that those selected have the capacity to undertake the projects so as to avert loss of public funds through contractors’ failure to execute works as was the case with these projects. Your Committee wishes to be availed documentary evidence of the action taken by the Ministry against the defaulting contractors. Your Committee will await a progress report on the matter.

ii. **Abandoned Works**

The Controlling Officer submitted before your Committee that actions and efforts were made to correct the situation on a contract by contract basis as indicated below.
1. **Chitambo District – Central Province**

<table>
<thead>
<tr>
<th>No.</th>
<th>Contractor</th>
<th>Project</th>
<th>Reasons for Lack of Progress</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>Swadocom Trading</td>
<td>Council administration office block 42 high cost houses</td>
<td>Failure by Prov. Administration to allocate land. Due to wrangles between Traditional leaders.</td>
<td>Alternative land yet to be found. Min. of Works &amp; Supply has recommended to Provincial Administration that these buildings be constructed elsewhere in other new districts within the Province where there is need should the wrangles persist failure to which the contract will be re-assigned to either Masaiti or Mpongwe Districts where the Ministry has been requested to put such infrastructure.</td>
</tr>
<tr>
<td>ii.</td>
<td>Kawanzane Enterprises</td>
<td>10no. medium cost houses.</td>
<td>As above</td>
<td>As above</td>
</tr>
<tr>
<td>iii.</td>
<td>Ngalitas Hardware &amp; Electrical</td>
<td>20no. low cost houses</td>
<td>As above</td>
<td>As above</td>
</tr>
<tr>
<td>iv.</td>
<td>TJ Enterprises Ltd</td>
<td>Post Office</td>
<td>As above</td>
<td>As above</td>
</tr>
<tr>
<td>v.</td>
<td>Kawanzane Enterprises Ltd</td>
<td>Single storey office block.</td>
<td>As above</td>
<td>As above</td>
</tr>
<tr>
<td>vi.</td>
<td>Conquest Ltd</td>
<td>Police, 2no. Medium cost &amp; 8 no. low cost houses.</td>
<td>As above</td>
<td>As above</td>
</tr>
</tbody>
</table>

2. **Lunga District**

<table>
<thead>
<tr>
<th>No.</th>
<th>Contractor</th>
<th>Project</th>
<th>Reasons for Lack of Progress</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>TKJ Investments</td>
<td>Council administration office block</td>
<td>Late possession of site and Contractors poor performance.</td>
<td>Warning letter written and recommended for termination if no progress is made by the end of February 2016</td>
</tr>
</tbody>
</table>

3. **Western Province – Mitete District**

<table>
<thead>
<tr>
<th>No.</th>
<th>Contractor</th>
<th>Project</th>
<th>Reasons for Lack of Progress</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>Kampe Investments</td>
<td>Council administration office block 2 high cost houses</td>
<td>Contractors failure to execute work according to progress.</td>
<td>Termination process commenced, new contractor expected end of February, 2016.</td>
</tr>
<tr>
<td>ii.</td>
<td>Eldamain Business Solutions Ltd</td>
<td>Post Office</td>
<td>Earmarked land was re-possessed by Ministry of Education.</td>
<td>Contractor was given site 15th September, 2015 has so far sunk a borehole and excavations completed.</td>
</tr>
</tbody>
</table>

4. **Western Province – Sikango District**

<table>
<thead>
<tr>
<th>No.</th>
<th>Contractor</th>
<th>Project</th>
<th>Reasons for Lack of Progress</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>Sokotela Enterprises</td>
<td>Council administration office block 2 high cost houses</td>
<td>Contractor’s failure to diligently proceed with the works</td>
<td>Termination process commenced new contractor expected end of February, 2016.</td>
</tr>
</tbody>
</table>

5. **Luapula Province – Mwansabombwe District**

<table>
<thead>
<tr>
<th>No.</th>
<th>Contractor</th>
<th>Project</th>
<th>Reasons for Lack of Progress</th>
<th>Action Taken</th>
</tr>
</thead>
</table>
6. North Western Province – Ikelenge District

<table>
<thead>
<tr>
<th>No.</th>
<th>Contractor</th>
<th>Project</th>
<th>Reasons for Lack of Progress</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Heros Construction &amp; General Dealers</td>
<td>Police Station, 2 medium &amp; 8 low cost houses</td>
<td>Recommended for termination.</td>
<td>Termination process commenced, new contractor expected end of February, 2016.</td>
</tr>
</tbody>
</table>

7. North Western Province – Manyinga District

| ii  | Heroes Construction & General Dealers | Police Station, 2 medium & 8 low cost houses | Recommended for termination | Termination process commenced, new contractor expected end of February, 2016. |

Committee’s Observations and Recommendations

Your Committee finds it highly irregular that contracts were awarded before the sites for the construction are identified and agreed upon. Your Committee is particularly concerned that the Government is losing huge amounts of resources through penalties in the event of termination of these contracts. Your Committee observes that some of the contractors on these projects lack capacity to undertake them; consequently, projects are delayed beyond the contract period and in some instances contracts are terminated. Your Committee urges the Controlling Officer to ensure that contractors are thoroughly screened to evaluate their capacity to undertake the projects before being engaged. Your Committee resolves to await a progress report on the current status of the projects.

iii. Failure to Submit Claims for Certification

The Controlling Officer informed your Committee that some contractors could not submit claims for works done because site possession delayed, hence the delay in the commencement of the works. He explained that in certain cases, the contractors had failed to perform, hence, their contracts had been recommended for termination. Your Committee was further informed that 130 applications for payments were submitted by contractors between 3rd March and 16th October, 2015. Consequently, between 3rd March and 16th October, 2015, 130 payment certificates were issued for works which had been executed by the contractors as provided for under Clause 39 of the General Conditions of Contract.

Committee’s Observations and Recommendations

Your Committee observes with concern the selection process of the contractors. Your Committee urges the Controlling Officer to ensure that liquidated damages are imposed on the non-performing contractors and that the remaining works are completed expeditiously. Your Committee, further, urges the Controlling Officer to ensure that completion certificates are issued before payments are made. Your Committee resolves to await a progress report on the matter.

iv. Sub Contracted Works

The Controlling Officer submitted that there was a provision in the contract for subcontracting under clause 7 sub clause 7.1 which stated that “the contractor may subcontract with the approval of the Project Manager, but may not assign the contract without approval of the client in writing. Subcontracting shall not alter the contractor’s obligations”. He informed your Committee that Messrs. Emmaloy Investment Limited, a contractor engaged to construct twenty low cost houses and associated external works in Sinda District, Eastern Province had subcontracted 99 per cent of the works. Thereafter, the main contractor and the subcontractor had differences and the matter went to the High Court. Consent Judgment was entered against the main contractor. In this regard, the
contractor’s action was in breach of Clause 7.1. In view of the foregoing, the Ministry had written to the Attorney General seeking advice as to how the Ministry should proceed. With regard to the construction of ten medium cost houses in Kazungula, your Committee was informed that the contract was not subcontracted to Lusein Construction by Messrs. Profab Zambia Ltd. However, the Department had directed the Provincial Buildings Engineer to establish the status of the project in view of the audit statement.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that the contractor subcontracted up to 99 per cent of the works. It observes that the main contractor has no capacity and hence it is questionable as to why he could be awarded the contract. In view of the foregoing, your Committee urges the Controlling Officer to ensure that the matter is reported to law enforcement agencies for further probe. In this regard, your Committee awaits a progress report.

MINISTRY OF YOUTH AND SPORT

AUDIT QUERY

<table>
<thead>
<tr>
<th>DEPARTMENTS</th>
<th>PROGRAMMES</th>
<th>ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various</td>
<td>Various</td>
<td>Various</td>
</tr>
</tbody>
</table>

Accounting and Other Irregularities

52. An examination of accounting and other records maintained at the Ministry headquarters and selected districts carried out in August, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Unsupported Payments - K288,317

The Controlling Officer informed your Committee that the payments had been supported were ready for verification.

Committee’s Observations and Recommendations

Your Committee notes that this is a serious omission and the Controlling Officer should take disciplinary action against the officers involved. Your Committee further emphasises the need by the Controlling Officer to ensure that all appropriate documents are attached immediately the payments are made. The matter is, however, recommended for closure subject to audit verification.

b) Failure to Deduct Tax - K56,091

The Controlling Officer submitted before your Committee that the deductions had been effected and were ready for verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that the Ministry could fail to deduct taxes in this manner. In this regard, your Committee calls upon the Controlling Officer to institute disciplinary action against all erring officers responsible for this omission. Your Committee resolves to await a progress report on the matter.
Recover Loans and Advances - K59,000

The Controlling Officer submitted that loans and advances in amounts totalling K59,000 were being recovered through the payroll and were ready for verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to take disciplinary action against the officer (s) responsible for failing to recover the loans and advances in question. Your Committee observes that these officers failed to ensure that proper arrangements were put in place for the recoveries to be made, which is tantamount to negligence of duty. Your Committee further urges the Controlling Officer to ensure that all loans and advances are recovered without any further delay. A progress report is awaited by your Committee.

c) Youth Development Fund (YDF)

i) Lack of Records - Loan Recoveries

The Controlling Officer submitted before your Committee that at the time of audit, the Ministry availed the following documents to the Office of the Auditor General:

i. lists of identified and recommended projects by the respective Provincial Technical Committees on the Youth Development Fund (YDF);

ii. minutes of the validation processes of the National Technical Committees of the YDF; and

iii. lists of approved projects and files containing details of all approved projects

Regarding the recoveries, the Controlling Officer informed your Committee that the Ministry had provided for returns of repayments from some provinces to which photocopied bank deposit slips were attached. However, the Office of the Auditor General did not accept the photo copies of the deposit slips and demanded for originals.

Further, bank statements from Finance Bank in various provinces where the youths deposited their repayments were also obtained. Furthermore, the Zambia Postal Services Corporation (ZAMPOST) was requested to provide reports on the recoveries that the youths were depositing in the various post offices country wide. The Controlling Officer informed your Committee that this was an ongoing process; however, records on the repayments made so far were made available for verification. Concerning the five youth groups issued with loans and grants in the Provinces that did not have files on which key documents were kept, the Controlling Officer explained that the documents in question were still with the Provincial Offices at the time of audit.

The Controlling Officer submitted that agreements and offer letters were prepared at the Headquarters and sent to the provinces for signing. Copies were then sent back to Lusaka for record keeping and other administrative matters. Unfortunately, two out of the seventy-three files from Eastern Province remained in Chipata, one out of the twenty two files from Northern Province remained in Kasama, one out of the fifty-one files from Southern Province remained in Choma and one out of the forty files from North Western Province remained in Solwezi. Your Committee was informed that these files were collected from the Provinces and they were available verification.

Committee’s Observations and Recommendations

Your Committee finds the rampant poor record keeping in the Ministry unacceptable and observes that the failure to provide files on which important documents are kept is an indication of lack of
seriousness in the management of the Fund. Your Committee urges the Controlling Officer to be firm in correcting the situation including taking disciplinary action against the custodians of these records. Your Committee resolves to await a progress report on the matter.

ii) **Failure to Undertake Funded Projects - K265,000**

The Controlling Officer informed your Committee that the Ministry had engaged the Provincial Youth Development Fund Committee, chaired by the Provincial Permanent Secretary to take remedial measures which, among other things included compelling the youth groups in question to refund the loans.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that youth groups issued with loans and grants are closely monitored to make certain that projects are undertaken in order for the objectives of the Fund to be achieved. A progress report is awaited by your Committee on the remedial measures put in place to compel the youth groups in question to refund the loans.

iii) **Irregular Transfer of YDF Funds**

The Controlling Officer explained that payments to youth groups were done through the Treasury Single Account at the Ministry of Finance. However, there was a miss posting from the Ministry of Finance which led to the disbursement of the funds to an account which did not belong to the Youth Group. Your Committee was informed that the Ministry brought the matter to the Ministry of Finance, who had confirmed working on the matter. Nonetheless, the funds were recalled and efforts were being made towards paying the Youth Group.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that the intended youth group did not access the funds on time resulting from this serious anomaly. Your Committee requests the Auditor General verify the matter before closure.

iv) **Yahweh Embassy Ministry**

The Controlling Officer informed your Committee that the Ministry had engaged the Provincial Youth Development Fund Committee chaired by the Provincial Permanent Secretary, to take remedial measures which included compelling Yahweh Embassy to refund the money as their action was against the recommendation of the Provincial Committee and the validation of the National Technical Committee.

Your Committee is further informed that the Controlling Officer has taken measures to strengthen the record management as well as the monitoring of the YDF funded projects by:

- engaging the District Commissioners, Town Clerks, Council Secretaries and District Planners to take an active role in the monitoring of YDF funded projects through the District Development Coordinating Committees Monitoring Units;

- strengthening the Office of the Provincial Youth Offices with 4x4 Station Wagons to facilitate the movements of routine monitoring of projects;

- the Ministry had also come up with a monitoring and evaluating framework which had provided instruments and tools for monitoring YDF projects;
the Ministry was in the process of developing a database with assistance from the International Labour Organisation and United Nations Population Fund that would assist in the monitoring of all programmes in the Ministry;

In order to strengthen the human resource capacity, the Ministry had been restructured to strengthen Headquarters and Provincial Offices and to create structures at district level. The structure was approved by Cabinet Office and waiting for Treasury Authority.

Partnership with the ZAMPOST and Finance Bank aimed at easing the repayment process by the various beneficiaries.

The Ministry had partnered with the Ministry of Justice to deal with the loan defaulters through the debt collection unit.

In order to enhance effectiveness and efficiency, the Ministry had engaged the Ministry of National Planning through the Zambia Institute for Policy Analysis and Research to evaluate the YDF programmes, appreciate the impact, challenges and recommendations on the way forward.

Committee’s Observations and Recommendations

Your Committee strongly urges the Controlling Officer to ensure that the matter is reported to law enforcement agencies for further probe as it is evident that the amounts in question were obtained under false pretence. A progress report is awaited by your Committee.

v) Infrastructure Development

The Controlling Officer informed your Committee that the delay in the completion of works was due to the delay in the release of funds by the treasury. She explained to your Committee that funds for the construction of Youth Resource Centres were under Head 21 and the supervision under the Ministry of Works and Supply. In this regard, the above mentioned contractors had pending certificates at the Ministry of Finance for the works done so far and would only proceed with the works after the pending certificates were honored. Your Committee was informed that the contracts for all the contractors had since been extended.

Committee’s Observations and Recommendations

Your Committee expresses concern that the intended benefits from the use of the infrastructure may be further delayed. Your Committee urges the Secretary to the Treasury to take keen interest in this matter and ensure to provide timely payment of funds and, subsequently, the timely completion of projects. Your Committee will await a progress report on the current status of works.

MINISTRY OF DEFENCE

AUDIT QUERY

DEPARTMENTS : Various
UNITS : Various

Accounting and Other Irregularities

53. An examination of accounting and other records maintained at Ministry of Defence Headquarters and other departments carried out in June, 2015, and physical inspections of selected projects revealed some weaknesses to which the Controlling Officer responded as set out below.
a) Failure to Process Commitments and Local Purchase orders via IFMIS - K10,058,660

The Controlling Officer informed your Committee that orientation was done but some end users such as Departments of Purchasing and Supplies, Human Resources and other units had not yet been trained to process the transactions through IFMIS. However, the Ministry had since written to the Ministry of Finance requesting for the trainers to complete the IFMIS implementation programme and request letters to the Ministry of Finance were attached for verification.

Committee’s Observations and Recommendations

Your Committee finds the explanation unacceptable and urges the Controlling Officer to ensure that all officers from the user departments are adequately trained without any further delay. Your Committee calls upon the Secretary to the Treasury urgently arrange for training for officers in the Ministry. Your Committee awaits a progress report on the matter.

b) Unretired Accountable Imprest - K1,099,405

The Controlling Officer informed your Committee that the imprest in question was retired and records were availed to the Auditors during audit. She reiterated that all records were still available for further verification.

Committee’s Observations and Recommendations

Your Committee notes the submission and recommends the matter for closure subject to audit verification.

c) Irregular Use of Imprest for Procurements - K102,055

The Controlling Officer regretted the irregularity and submitted to your Committee that she had taken note of the Auditors recommendation to pay directly to the suppliers and also confirmed that measures had been put in place to stop the trend.

Committee’s Observations and Recommendations

Your Committee cautions the Controlling Officer to ensure adherence to the Financial Regulations as regards the proper use of imprest in order to avoid such irregularities. Your Committee further urges the Controlling Officer to ensure that all procurements are competitive to avoid flouting regulations. The matter is, however, recommended for closure subject to audit verification.

d) Imprest Payments Without Authority to Travel Abroad - K208,519

Your Committee was informed by the Controlling Officer that the matter had been recommended for closure by the Auditor General.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure.

e) Non Recovery of Tuition and Salary Advances - K722,600

The Controlling Officer regrettably acknowledged the irregularity and informed your Committee that all the tuition and salary advances had since been recovered through payroll deductions. Records were available for audit verification.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that erring officers are disciplined for this omission. Thereafter, the matter should close, subject to audit verification.

f) Outstanding Arrears Debt - K3,327,253,334 (Foreign K3,295,265,885 and Local K31,987,449)

The Controlling Officer informed your Committee that the Ministry was unable to settle the outstanding arrears at once because of inadequate funding. However, the Ministry had continued to engage the treasury to release funds towards clearing of the outstanding arrears.

Committee’s Observations and Recommendations

Your Committee observes with concern that the amount owed to foreign companies is too huge and the debt has been outstanding for a long time. It is also observed that such circumstances may cause the foreign companies to lose confidence in the Government which, consequently, may impact negatively on the image of the country. Additionally, your Committee observes that the Government is likely to suffer interest charges on the outstanding debt and also exchange losses as result of the fluctuation of the Kwacha in relation to major currencies. Your Committee, therefore, urges the Controlling Officer to explore all possible options in ensuring that this debt is liquidated without any further delay. Your Committee particularly urges the Office of the Secretary to the Treasury to intervene in ensuring that the requisite funding is released to the Ministry to enable it liquidate this huge debt. Your Committee awaits a progress report on the matter.

g) Drilling and Installation of Boreholes-Zambia Army Operation Areas { Senanga (1), Chiengi (1) and Kaputa (2) } K325,880

The Controlling Officer submitted to your Committee that the borehole at Lambwe Chomba was functional except that it had not been in use because the water it was producing was brownish in colour, and it was considered not suitable for human consumption. However, samples of the water were sent to Army Medical Services Branch and University of Zambia (UNZA) for laboratory tests and results had shown that the water was suitable for human consumption and the borehole was now in use.

Committee’s Observations and Recommendations

Your Committee observes with great concern that the cost of drilling a borehole in the four sites as submitted by the Controlling Officer amounted to an average of K81,000. Your Committee finds this unacceptable and urges the Controlling Officer to report the matter to law enforcement agencies for further probe. Your Committee awaits a progress report on the matter.

h) Procurement of Sub Division Farm 688 (Lusaka West) - Failure to Transfer Title

The Controlling Officer submitted to your Committee that the Ministry was pursuing the matter with the Ministry of Lands, Natural Resources and Environmental Protection for issuance of the Title Deed.

Committee’s Observations and Recommendations

Your Committee is disappointed that there has been an inordinate delay in processing the Title Deeds for this property. Your Committee observes that as long as the Title Deeds have not been issued, the Ministry has no insurable interest in the property as it could not be insured without legal ownership. Your Committee calls upon the Controlling Officer to liaise closely with her counterpart in the Ministry of Lands, Natural Resources and Environmental Protection, in order to ensure that the process of acquisition of title is expedited. Your Committee will await a progress report on the matter.
54. An examination of accounting and other records maintained by the Zambia National Service (ZNS) headquarters and selected units carried out during the period from June to August, 2015, revealed some weaknesses to which the Controlling Officer responded as set out below.

a) Irregular Drawing of Salary

The Controlling Officer informed your Committee that the officer was attested in the Zambia National Service (ZNS) on 8th April, 2013 as a Medical Doctor and Zambia National Service remunerated him accordingly. She further informed your Committee that Zambia National Service was not aware that the Ministry of Health had continued to pay the officer even after he had tendered his resignation upon joining the ZNS. In view of the above, it was her considered view that the Ministry of Health should explain the payment of personal emoluments to an officer who had resigned.

The Controlling Officer added that an inter-ministerial committee was constituted to look into this matter along with other similar matters and a report is being awaited by the Ministry to enable them take appropriate action. The Controlling Officer confirmed that a stop order was made through Ministry of Health’s payroll to discontinue paying the officer in question.

Committee’s Observations and Recommendations

Your Committee finds the response unacceptable and urges the Controlling Officer on the matter and urges her to have the matter reported to law enforcement agencies for further probe. Your Committee also urges the Controlling Officer, Ministry of Health, to pursue this matter and ensure to obtain refunds for the irregularly paid salaries. Further, your Committee recommends that appropriate disciplinary action be taken against officers responsible for the irregular payments, and against the recipient of these irregular payments. Your Committee awaits a progress report on the matter.

b) Unsupported Payment of Commutation - K51,365

The Controlling Officer submitted to your Committee that all leave commutation forms and computations had been attached and were available for audit verification. Measures had since been put in place to ensure that all future payments had the necessary supporting documentation at all times.

Committee’s Observations and Recommendations

Your Committee recommends that the matter be closed subject to audit verification.

c) Unaccounted for Funds Renovation of 2 x officer’s Quarters-ZNS Luanshimba - K48,670

The Controlling Officer submitted before your Committee that a Board of Inquiry - Convening Order Number 10/2015 - was constituted and had completed its investigation and made a recommendation that the officers involved be charged and that they appear before a tribunal. The tribunal had since been convened and scheduled to commence its sitting in the second week of February, 2016. Records of this case were available for audit verification. She added that ZNS had engaged a company to finish the renovations after securing some funds externally.
Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.

MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND EARLY EDUCATION

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

55. An examination of accounting and other records maintained at the Ministry headquarters and a visit to selected districts carried out in June, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Irregular Payment of Housing Allowances - K59,182**

The Controlling Officer informed your Committee that all the outstanding recoveries had been effected and were running and the records were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern over this practice and urges the Controlling Officer to take appropriate disciplinary action against the officers who facilitated the payments. Your Committee further directs the Controlling Officer to submit all relevant documentation to the Auditor General for verification. Your Committee awaits a progress report on the matter.

b) **Failure to Recover Salary Advances - K411,841**

The Controlling Officer submitted before your Committee that the outstanding salary advances had since been recovered and the pay slips were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that officers neglected their duty and urges the Controlling Officer to ensure that officers are strongly cautioned to cooperate with Auditors as required by the relevant laws in order to resolve such queries promptly. The matter is, however, recommended for closure subject to audit verification.

c) **Weaknesses in the Management of Bank Accounts**

The Controlling Officer informed your Committee that the bank reconciliation statements had been accurately prepared effective 2013 to date and the reports were available for audit verification. Further, the overdrawn account which was as a result of accrued bank charges, had since been budgeted for in the 2016 budget and the mirror account would be serviced in 2016. Furthermore, the issue of the cancelled cheques would be normalised once the mirror account balance was normalised by way of paying for bank charges for the account. With regard to the cheque of K72,640 which was cleared by the bank without the support of a backing sheet, your Committee was informed that the supporting backing sheet was prepared and taken to the bank and was available for audit verification.
Committee’s Observations and Recommendations

Your Committee expresses concern that officers neglected their duty of preparing bank reconciliations for the period under review as well as their failure to provide supporting backing sheets for withdrawals at the bank. Your Committee further expresses concern that the Government incurred bank charges amounting to K104,841 due to the Ministry’s disregard of properly laid down regulations. Your Committee, therefore, urges the Controlling Officer to institute disciplinary action against the officers responsible for this blatant disregard of Financial Regulations and to recover the amount of K104,841 from them. Your Committee further urges the Controlling Officer to ensure that the issue of cancelled cheques is normalised. Your Committee awaits a progress report on the matter.

d) Questionable Cash Withdrawal and Payments

The Controlling Officer informed your Committee that the activity which was supposed to have been carried out was not undertaken and the Programme Officer was cautioned because of the various shortcomings over the issue. However, the funds were refunded in full and the records available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that the matter involves some fraudulent activities and your Committee strongly recommends that that it be reported to law enforcement agencies for further investigation and action. Further, your Committee directs the Controlling Officer to submit all the relevant documentation to the Auditor General for verification and to ensure that internal controls are enhanced to eradicate such queries. Your Committee will await a progress report on the matter.

e) Missing Payment Vouchers

The Controlling Officer informed your Committee that the accounting documentation was not properly accounted for because of the geographical challenges of the merged ministries. He however, reassured your Committee that this would not recur following the separation of the ministries and the remaining payment vouchers would be traced.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that payment vouchers which were raised in 2014 are still missing to date. Your Committee observes that the query is a result of negligence on the part of the officers responsible for the custody of the payment vouchers, and urges the Controlling Officer to ensure that disciplinary action is instituted against them. Your Committee further directs the Controlling Officer to ensure that concrete measures are put in place for payment vouchers to be secured and available for audit whenever they are required. Your Committee awaits a progress report on the matter.

f) Irregular Payments of Out of Pocket Allowance - K547,990

The Controlling Officer informed your Committee that recoveries had been affected and the pay slips and other supporting records were available for audit scrutiny.

Committee’s Observations and Recommendations

Your Committee cautions the Controlling Officer against waiting until matters are before the Public Accounts Committee before clearing them. In this light, your Committee recommends that the Controlling officer institute disciplinary action against the officers who authorized the irregular
payment of the allowances in question against the guidance from the Cabinet Office. Your Committee further directs that all relevant documentation be submitted for audit verification. Your Committee will await a progress report on the matter.

g) Irregular Payment of Parliamentary Allowances

The Controlling Officer informed your Committee that the Director – HRA had been directed to effect recoveries from the officers paid this allowance effective March, 2016.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to take disciplinary action against the officers who approved the payments in contravention of the provisions of the said circular. Your Committee resolves to await a progress report on the matter.

h) Irregular Payment of Meal Allowances - K2,489,176

The Controlling Officer informed your Committee that recoveries had been effected and the pay slips and other supporting records were available for audit scrutiny.

Committee’s Observations and Recommendations

Your Committee expresses concern over this practice and urges the Controlling Officer to institute disciplinary action against the officers who authorised these irregular payments. Your Committee awaits a progress report on the recoveries.

i) Questionable Payment of Allowances - K3,473,973

The Controlling Officer informed your Committee that recoveries had been effected and some officers had made some refunds to this effect. Pay slips and other supporting records were available for audit scrutiny.

Committee’s Observations and Recommendations

Your Committee is deeply concerned and alarmed with the weak internal controls at the Ministry as evidenced by the payment of allowances in excess of the calendar year by between 60 to 863 days. This is highly unacceptable and your Committee is of the view that the Controlling Officer should take drastic steps to monitor the payment of allowances in order to correct the prevailing situation and avoid such serious irregularities. Your Committee further urges the Controlling Officer to immediately institute disciplinary action against the officers who authorised these payments. Your Committee awaits a progress report on the matter.

j) Payment of Group Imprest - K15,234,533.55

- Unretired Imprest – K39,000

The Controlling Officer explained that out of the K39,000 involving six transactions, two payments totalling K17,650 were retired after the verification exercise with the Auditors from the Office of the Auditor General. As regards to the balance of K21,350, the Director–HRA had been directed to effect recoveries effective March, 2016.

Committee’s Observations and Recommendations

Your Committee finds the failure by the Ministry to adhere to regulations on the retirement of imprest unacceptable as recoveries should have been instituted immediately. Your
Committee urges the Controlling Officer to take disciplinary action against the erring officers, expedite the recoveries and submit a progress report on the matter.

• **Activity reports - K2,581,994**
  The Controlling Officer informed your Committee that the activity reports for the activities undertaken during the period under review had been retrieved and were available for audit verification.

  **Committee’s Observations and Recommendations**

  The matter is recommended for closure subject to audit verification.

• **Unacquitted Payments**
  The Controlling Officer clarified to your Committee that it was not one officer who drew the single amount of K1,186,999 as reported but this accountable imprest was paid to various officers. However, the imprest totalling K1,186,999 involving thirteen transactions had been retired and the retirement documents made available for audit verification.

  **Committee’s Observations and Recommendations**

  The matter is recommended for closure subject to audit verification.

k) **Questionable Payments - Payroll Cleanup**

The Controlling Officer explained to your Committee that the position of a Chief Planner in the restructured ministry was equivalent to Assistant Director. In this regard, the Chief Planner taking up subsistence allowance for the Assistant Director did not arise as the two positions were at par.

Regarding the issue of the Chief Planning Officer signing for ten Provinces, your Committee was informed that this had been acquitted and acknowledged by the delegated officers. Furthermore, the two officers who were paid in excess had the money recovered and reimbursed and the records were available for audit scrutiny.

  **Committee’s Observations and Recommendations**

  Your Committee notes the submission but urges the Controlling Officer to ensure that officers who were paid in excess and those delegated by the Chief Planner are disciplined for failure to acquit the funds in accordance with Financial Regulations. The matter is, however recommended for closure subject to audit verification.

l) **Irregular Use of Accountable Imprest to Procure Goods and Services - K419,628**

The Controlling Officer had informed your Committee that he had issued a circular to all the Directorates that accountable imprest should not be used to procure goods and services whose value was obtainable on the market.

  **Committee’s Observations and Recommendations**

  Your Committee expresses concern that it has taken the Controlling Officer a long time to take a position on the matter. Your Committee further urges the Controlling Officer to discipline the erring officers for this irregularity in order to serve as a deterrent to others. The matter is, however, recommended for closure subject to audit verification.
m) **Unaccounted for Stores - K2,046,352**

The Controlling Officer was informed that the stores items costing K1,579,352 now had receipt and disposal details. Further, out of the K467,000 for fuel unaccounted for, K213,000 had supporting receipt and disposal details, leaving a balance of K254,000. Your Committee was informed that the Ministry was making effort to ensure that the outstanding balance was cleared. All the documents relating to this submission were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail the documents to the Auditors at the time of audit. Your Committee urges the Controlling Officer to take disciplinary action against the erring officers and ensure that the missing documents are traced and availed to the Auditors without any further delay. Your Committee resolves to await a progress report on the matter.

n) **Undelivered Fuel - Luangwa Secondary School - K31,090**

The Controlling Officer submitted before your Committee that Total Zambia Limited was written to, to deliver the remaining fuel. Further, the Ministry had been engaged through Luangwa Secondary School to share the cost as the shortfall arose out of misunderstanding and lack of capacity for bulk fuel management by the School.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that the responsible officers failed to carry out reconciliations on the fuel delivery and therefore failed to notice the discrepancies. In this vein, your Committee urges the Controlling Officer to ensure that disciplinary action is instituted against the responsible officers for this lapse assist the school to set up an efficient bulk fuel management system. Your Committee resolves to await a progress report on the matter.

o) **Irregular Payment of Sitting Allowances – Evaluation of Tenders for Construction of Two Universities - K106,500**

The Controlling Officer submitted before your Committee that recoveries had been effected and the pay slips and other supporting documentations were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee observes that the Ministry has not been compliant with the Cabinet circular in question. In this regard, your Committee urges the Controlling Officer to act firmly against the officers who willfully flout this guidance by instituting disciplinary action against the erring officers. Your Committee resolves to await a progress report on the matter.

p) **Unsupported Payments - K1,050,642**

The Controlling Officer submitted that the payment vouchers had been adequately supported and the supporting documents were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee observes that there are some weaknesses in the management of records in the Ministry and urges the Controlling Officer to ensure that internal controls are strengthened to curb
Your Committee also urges the Controlling Officer to ensure that erring officers are disciplined for this lapse and the matter is recommended for closure subject to audit verification.

q) **Questionable Procurement of Printing Services - K1,285,424**

The Controlling Officer acknowledged that the procurement procedures were not followed in procuring the materials which included developing and printing adult literacy materials at a total cost of K1,285,424. Your Committee was however, informed that this was later taken to the Ministerial Tender Committee for noting the irregularity and the directorate was reprimanded on the matter. The records were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the matter does not recur by ensuring that officers tasked with the responsibility of procurement are properly oriented on their role. Further, your Committee directs the Controlling officer to ensure that the ZPPA Act and attendant procurement regulations are circulated to the officers in order to curb such irregularities. The matter is, however, recommended for closure subject to audit verification.

r) **Failure to Provide Tenancy Agreements.**

The Controlling Officer explained that the tenancy agreements for the Zambia National Broadcasting Corporation and Lake Road School in Lusaka were available for audit verification. He informed your Committee that the Ministry was making efforts to ensure that the tenancy agreement for Choma Museum, was also made available.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that tenancy agreements for its property are secured at all times to avoid recurrence of this irregularity and the possible loss of Government funds. Your Committee further urges the Controlling Officer to ensure that the tenancy agreement for Choma Museum is provided without any further delay. Your Committee awaits a progress report on the matter.

s) **Failure to Update the Database of Occupants - Malata Housing Units**

The Controlling Officer informed your Committee that the Ministry had since updated its database of occupants at Malata Housing Units and the updated database was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee notes the response and resolves to close the matter subject to audit verification but cautions that in future, perpetrators of such anomalies attract a surcharged for negligence of duty.

t) **Bursaries**

i. **Unsupported Payments**

The Controlling Officer informed your Committee that the uploads corresponding with the list of students provided in the cashbook were now available for audit verification. As regards the bank statements that did not show students’ account details, your Committee was informed that the bank account numbers for students were truncated, meaning that the last five digits of the individual account recipients could not be displayed. The truncation had since been removed and the full account numbers reflected. The records were available for audit verification.
Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the officers to avail the relevant evidence and detailed explanation during the time of audit. Your Committee also observes with concern the casual manner in which the matter is dealt with as it is only acted upon outside the audit period. In this regard, your Committee urges the Controlling Officer to ensure that the all officers who failed to avail the documents at the time of audit are disciplined and internal controls enhanced to avoid recurrence. The matter is, however, recommended for closure subject to audit verification.

ii. Double Payment for Accommodation

The Controlling Officer informed your Committee that the Bursaries Committee relied on the universities to furnish it with a list of students who were not accommodated. In addition, the Ministry had taken up the responsibility of paying for student accommodation and had been remitting funds electronically to the universities for student accommodation.

Committee’s Observations and Recommendations

Your Committee expresses concern that public funds are lost as a result of this anomaly. It observes that in the current system where the Bursaries Committee relies on the universities to furnish it with a list of students not accommodated is weak and may be a conduit for fraudulent activities. In this regard, your Committee calls upon the Controlling officer to devise a more efficient system for the identification of students who are eligible for payment of accommodation in order to avoid recurrence of such irregularities and possible loss of public funds in future. Your Committee awaits a progress report.

iii. Bursaries – Abroad – Unsupported Payments - K22,019,070

The Controlling Officer informed your Committee that the Secretary to the Bursaries Committee had been directed to ensure that expenditure returns were availed for audit verification.

Committee’s Observations and Recommendations

Your Committee notes with concern that there is no co-ordination between the Ministry and the Missions Abroad to ensure that funds meant for students abroad are acquitted on time. Your Committee urges the Controlling Officer to ensure that monitoring mechanisms at the Ministry are enhanced so that funds sent to Missions Abroad are promptly acquitted. Your Committee resolves to await a progress report on the availability of expenditure returns for audit verification.

u) Misapplication of Funds - Procurement of Education Materials and Equipment

The Controlling Officer submitted before your Committee that the Ministry was still waiting for authority from the Secretary to the Treasury to vary funds

Committee’s Observations and Recommendations

Your Committee finds the Controlling Officer’s response unacceptable. It expresses concern at the Controlling Officer’s failure to ensure that the officers under his office adhered to Financial Regulations regarding the variation of funds. Your Committee calls upon the Secretary to the Treasury to take necessary measures to ensure that the Controlling Officer desists from misapplication of funds. Your Committee awaits a progress report on the matter.
v) **Lack of Receipt and Disposal Details**

The Controlling Officer informed your Committee that all missing receipt and disposal details were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that receipt and disposal details were not availed to the Auditors during the audit and urges the Controlling Officer to take future audits seriously and institute disciplinary action against the officers responsible for the failure to provide these documents in the course of the audit process. Your Committee will await a progress report on the matter.

w) **Procurement of Desks**

i. **Monze DEBS**

The Controlling Officer informed your Committee that the supplier had since assembled all the desks and they were being used. He explained that the reason for the delay in assembling the double seater desks was that some of the beneficiary schools were still under construction.

**Committee’s Observations and Recommendations**

The matter is recommended for closure subject to audit verification.

ii. **Inadequate Maintenance of Inventory Records for Desks**

The Controlling Officer submitted that the DEBS office currently maintained an appropriate inventory records. The documents were available for audit scrutiny.

**Committee’s Observations and Recommendations**

Your Committee recommends that the matter be closed subject to audit verification. However, the Controlling Officer is cautioned that in future, such anomalies would attract a surcharge for negligence of duty.

x) **Procurement of a Non-Functioning Heavy Duty Printer for ZACODE**

The Controlling Officer informed your Committee that the Ministry had constituted a team of officers including the officers from the Auditor General to proceed to Luanshya to go and physically verify that the equipment had been installed and was operational. The records were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

y) **Unreceived Funds - Kabwe Institute of Technology**

The Controlling Officer confirmed to your Committee that funds were actually sent to Kaoma Trades Training Institute for the drilling of a borehole and the borehole had been drilled. In this regard, the receipt to acknowledge receipt of the funds by the Institute was available for audit verification.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that officers take audits seriously to avoid prolonging matters and that erring officers are sternly cautioned for this failure. The matter is, however, recommended for closure subject to audit verification.

z) Infrastructure Development

i. Misapplication of Funds – Transfer of Funds to Mulungushi University

The Controlling Officer informed your Committee that the Ministry had written to the university management to intervene on the matter. In this regard, your Committee would be updated accordingly through a progress report.

Committee’s Observations and Recommendations

Your Committee expresses concern at the Controlling Officer’s variation of funds without authority, which resulted in the delay in payment for outstanding certificates. It observes with concern that such variations would result in loss of public funds by interest charges due to failure to honour the certificates within the specified period. In this regard, the Controlling Officer is reminded to desist from abrogating the provisions of the Appropriation Act, and other applicable legislation and regulations. Your Committee, further, urges the Secretary to the Treasury to release the funds promptly to avoid further loses. Your Committee resolves to await a progress report on the matter.

ii. Poor Supervision of Infrastructure Projects

The Controlling Officer submitted that it was not possible that there was lack of supervision for infrastructure projects because the team at headquarters comprising Architects, Civil Engineers, Quantity Surveyors, Electrical Engineers, and Water Technologist prepared drawings and bidding documents as well as carried out periodical supervisions, usually after a period of two months. He informed your Committee that at the Provincial level, the Resident Engineer and senior building officers carried out supervision visits once in a month, whilst at the District level, the District Building Officers carried out supervision visits twice in a month. However, these visits depended on the availability of funds.

Your Committee was further informed that most of the district building officers were the same staff who were part of the technical staff at the beginning of these projects. As a result, they had sufficient knowledge and skills to give guidance to the contractors. Additionally, the senior building officers at the provincial level had drawings and bills of quantities for the same projects.

The Controlling Officer further clarified that projects were not identified by headquarters. He explained that the DEBS together with other stakeholders such as MPs, councillors and headmen/chiefs, did the identification of project sites. When this process was completed, the list of selected sites was sent to the PEOs who once agreed, sent the selected sites to headquarters for implementation. In this regard, the university and secondary school projects were complex projects; therefore, the district-building officers could not adequately do the supervision. Consequently, the role of district building officers was to make follow-ups on the instructions left by the Resident Engineer and infrastructure staff from headquarters.

Committee’s Observations and Recommendations

Your Committee observes that there is lack of seriousness in the response given by the Controlling Officer in that it lacks punitive measures taken against the officers for failure to supervise works. In this regard, the Controlling Officer is urged to ensure that the
supervision of works is enhanced and that works are expeditiously completed in order for the intended beneficiaries to enjoy the benefits of the projects. Your Committee would await a progress report on the matter.

iii. **Failure to Provide Contract Documents - K35,321,497**

The Controlling Officer informed your Committee that the certificates of completion and contract documents for Gabmans Electrical Ltd, Chao Chao Contractor Ltd and China Gansu Eng. Ltd were currently available for audit verification. However, the contract document for Yangst Jiang was still missing.

**Committee’s Observations and Recommendations**

Your Committee finds the explanation given by the Controlling Officer unacceptable because as a copy of the contract document could be obtained from the contractor. The Controlling Officer is urged to ensure that the contract document is found using all available options without any further delay and a progress report would be awaited by your Committee.

iv. **Delayed Completion of Projects**

The Controlling Officer submitted as follows;

- **Musa Day High School**

  The current position regarding the construction works was that the substructure block work on the Assembly hall had been done. The 1x2 home economics block had been roofed, and 90 percent of the block work done. Additionally, the door and window frames where fitted as well as the electrical conduits and boxes. Further, the two 1x3 Classroom block had been roofed, 95 percent of block work had been done and the door frames, electrical conduits and boxes had been fitted. Regarding the two class area ablation blocks, the superstructure block work was built up to gable level, spider trusses, internal door frames and window frames had been fitted. On the 1x2 laboratory block, library, administration block, tuck shop, two Head/Deputy Head teacher’s staff houses and eight staff houses, these had been roofed, 95 percent of block works had been done and the window and door frames, electrical conduits and boxes fitted.

  As regards to the poor workmanship at the site, the Controlling Officer informed your Committee that the Contractor had been instructed to redo all the works that were poorly done at his own cost as was contained in the progress report available for audit verification.

  **Committee’s Observations and Recommendations**

  Your Committee expresses concern that the targeted beneficiaries are not benefiting from the facility as a result of the delays in the completion of the project and urges the Controlling Officer to ensure that the projects are completed without further delay. Your Committee will await a progress report.

- **Ntumpa Boarding High School**

  The Controlling Officer submitted that all the works were nearing completion with plumbing works being done. He explained that the delay in the construction works was as a result of delayed funding from the Treasury.

  **Committee’s Observations and Recommendations**

  Your Committee urges the Controlling Officer to ensure that the project is expeditiously completed. For the future, the Controlling Officer is urged to ensure that enough funds are
secured before contractors are engaged to carry out works. Your Committee resolves to await a progress report on the matter.

- **Kampamba Day High School**
The Controlling Officer submitted that the current position regarding the construction works was that the works were nearing completion with all plumbing works being done as was contained in the progress report availed for verification. He explained that the delay in the construction works was as a result of delayed funding from the Treasury.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the works are expeditiously completed and supervision of works enhanced to avoid poor workmanship. Your Committee awaits a progress report.

- **John Mubanga Day High School**
The Controlling Officer explained that the delay in the construction works was because of delayed funding from the Treasury.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the supervision of works is enhanced and the works expeditiously completed so as to give full benefits to the intended communities. Your Committee resolves to await a progress report.

- **Copperbelt Secondary Teachers College (COSETCO)**
The Controlling Officer informed your Committee that the construction works were nearing completion as detailed in the progress report availed for audit verification. He further informed your Committee that the delay in the construction works was as a result of delayed funding from the Treasury.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the supervision of works is enhanced and the works expeditiously completed so as to give full benefits to the intended communities. Your Committee resolves to await a progress report.

- **Mukuba University**
The Controlling Officer submitted that the construction works were nearing completion as was detailed in the progress report. The delay in the construction works was as a result of delayed funding from the Treasury.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the project is expeditiously completed. For the future, the Controlling Officer is urged to ensure that enough funds are secured before contractors are engaged to carry out works. Your Committee resolves to await a progress report on the matter.

- **Chasefu Boarding Secondary School**
The Controlling Officer informed your Committee that the construction works were as detailed in the report and that the delay in the construction works was as a result of delayed funding from the Treasury.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the project is expeditiously completed. Your Committee further implores the Secretary to the Treasury to ensure going forward that adequate funds are set aside before contractors are engaged to carry out works. Your Committee resolves to await a progress report on the matter.

• Chikowa Day Secondary School

The Controlling Officer informed your Committee that all the works were nearing completion with the following works currently being plumbing, internal and external plastering, fittings, metal works, repair of wall cracks and flooring as detailed in the progress report which was available for audit verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling officer to ensure that the project is completed without further delay and awaits a progress report on the matter.

• Construction of Kanona Day Secondary School

Regarding the administration block, the Controlling Officer informed your Committee that the superstructure block work had been completed and partly roofed in the counselling area and the fixing of wall conduit pipes with steel boxes had been done. On the assembly/sports hall, the substructure block work was completed and backfilling was in progress. Regarding the 1x2 Science laboratory block, two. 1x3 CRB, two classroom area toilet block, tuck shop, 1x2 home economics block and library block, the superstructure block work had been completed and the fixing of wall conduit pipes with steel boxes had all been done. Your Committee was further informed that the two. Deputy/Headmasters houses had been roofed and a 100 per cent superstructure block work done. As regards to the delayed payments of certificates and completion, the Controlling Officer submitted that this was as a result of delayed funding.

Committee’s Observations and Recommendations

Your Committee is concerned at the increasing number of projects that are being delayed on account of delayed funding and urges the Secretary to the Treasury to find a lasting solution to the problem to avoid possible loss of public funds through penalties and/or interest on outstanding amounts. Your Committee awaits a progress report on the completion of works.

• Limulunga Day High School

The Controlling Officer submitted that funding to the Ministry had been irregular and, in most cases, late. This negatively affected the pace of construction, resulting in delays in completing the works.

Committee’s Observations and Recommendations

Your Committee urges the Secretary to the Treasury to ensure consistent and timely release of funds to on-going projects so that they can be implemented within the planned time frame. Your Committee resolves to await a progress report on the status of works.
• **Construction of Kaumba Boarding Secondary School**
The Controlling Officer submitted that funding to the Ministry had been irregular and, in most cases, late. This negatively affected the pace of construction, resulting in delays in completing the works.

**Committee’s Observations and Recommendations**
Your Committee urges the Secretary to the Treasury to ensure consistent and timely release of funds to on-going projects so that they can be implemented within the planned time frame. Your Committee resolves to await a progress report on the status of works.

• **Construction of Two Hostel Blocks at Ukwimi Trades**
The Controlling Officer explained that the delay was as a result of the delay for the contractor to mobilise equipment after the site was handed to him. Consequently, the Department of Works issued a warning letter to the contractor for the delay despite him (contractor) being paid a total amount of K3,643,830.74. The current position was that the Department of Works and Supply from the Ministry of Works and Supply who were the supervising agents of the works were working on modalities for the contractor to extend the completion period.

**Committee’s Observations and Recommendations**
Your Committee urges the Controlling Officer to pursue the contractual rights of the Government by lodging an appropriate for damages against the contractor for the delayed works. Your Committee further implores the Controlling officer to ensure that the works are completed without any further delay. Your Committee also urges the Controlling officer to urgently resolve the matter relating to the extension of works with the contractor.

v. **Luanshya Based Institutions**
The Controlling Officer submitted that the Ministry was in the process of creating a Polytechnic Institution in Luanshya. This would involve merging the three Luanshya based institutions. In order to achieve this, the Ministry needed to increase lodging capacity by constructing a four storey hostel block. The current position regarding the removal of the electrical cables and garbage on the site was that the Department of Works and Supply under the Ministry of Works, Communication and Transport who were the project supervisors had already engaged a contractor to remove the electrical cables and clear the garbage on site. Additionally, officials from the Ministry and the Department of Works and Supply would be visiting the project regularly to ensure that the works were on course.

**Committee’s Observations and Recommendations**
Your Committee resolves to await a progress report on the matter.

vi. **Abandoned Infrastructure Projects**
   i. **Abandoned Infrastructure Projects – Wasteful Expenditure**
The Controlling Officer informed your Committee that it was discovered that the contractor issued the Ministry a fake advance bond. In this regard, the Ministry reported the matter to the Anti-Corruption Commission who arrested the contractor and the case went to the courts of law, before it was concluded. The contractor thereafter, submitted an authentic advance bond.
Committee’s Observations and Recommendations

Your Committee is concerned that the Ministry has continued to deal with the contractor who engaged in fraudulent activities. In this vein, your Committee strongly recommends that the contract be terminated on account of this fraudulent conduct by the contractor and that the Ministry claim appropriate damages under the contract. Thereafter, another contractor should be engaged with undue delay to complete the projects. Your Committee will await a progress report on the completion of the projects.

- **Luansobe Boarding Secondary School**
  The Controlling Officer informed your Committee that as at July, 2015 the contractor had resumed works after partnering with another contractor and they were carrying out excavations for the other buildings that had not been excavated.

Committee’s Observations and Recommendations

Your Committee is urged to ensure that the project is completed without further delay and awaits a progress report on the matter.

- **Chikando Day High School**
  The Controlling Officer submitted that the Ministry had written a letter to warn the contractor in April, 2015 on the delays in the construction works.

Committee’s Observations and Recommendations

Your Committee is concerned that the Ministry engaged this contractor, who appears to have no capacity to undertake the works. In the same vein, your Committee urges the Controlling Officer to terminate the contract, commence legal proceedings against the contractor for breach of contract, and engage another contractor to complete the works. Your Committee will await a progress report.

- **Chalimbana University**
  The Controlling Officer informed your Committee that the contract had provisions of awarding 20 percent of the works to the Zambian local contractors and the 80 percent was for the main contractor. However, the main contractor had been having difficulties in implementing the project and works had not progressed as expected while works being done by the Zambian contractor had progressed well. The Ministry had held several meetings with the contractor and written warning letters to the main contractor for lack of progress.

Your Committee was informed that the Ministry was unable to terminate the contract because the local contractor was doing the finishing on the ten houses under construction. The Controlling Officer assured your Committee that immediately the ten houses were completed and if there would be no progress from the main contractor, the Ministry would then proceed and terminate the contract.

Committee’s Observations and Recommendations

Your Committee strongly urges the Controlling Officer to seriously review the selection process of contractors by ensuring that the capacity of the selected contractors was not questionable in order to avoid loss of public funds through the failure to complete works within the contract period. Your Committee further urges the Controlling Officer to terminate the contract without delay and commence legal
proceedings against him for breach of contract. He should also ensure that another contractor is engaged to complete the remaining works. Your Committee awaits a progress report.

- **Kapekesa**
The Controlling Officer informed your Committee that the contract had been terminated and the termination letter was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to seriously review the selection process of contractors by ensuring that the capacity of the selected contractors is not questionable in order to avoid loss of public funds through the failure to complete works within the contract period. Your Committee further urges the Controlling Officer to terminate the contract without delay and commence legal proceedings against him for breach of contract. He should also ensure that another contractor is engaged to complete the remaining works. Your Committee awaits a progress report.

- **Umi Primary School**
The Controlling Officer submitted that the contract had been terminated and the termination letter was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to seriously review the selection process of contractors by ensuring that the capacity of the selected contractors is not questionable in order to avoid loss of public funds through the failure to complete works within the contract period. Your Committee further urges the Controlling Officer to terminate the contract without delay and commence legal proceedings against him for breach of contract. He should also ensure that another contractor is engaged to complete the remaining works. Your Committee awaits a progress report.

- **Chikowa Basic School**
The Controlling Officer informed your Committee that the contract had been terminated and the termination letter was made available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to seriously review the selection process of contractors by ensuring that the capacity of the selected contractors is not questionable in order to avoid loss of public funds through the failure to complete works within the contract period. Your Committee further urges the Controlling Officer to terminate the contract without delay and commence legal proceedings against him for breach of contract. He should also ensure that another contractor is engaged to complete the remaining works. Your Committee awaits a progress report.
An examination of accounting and other records maintained at Chalimbana University carried out during the period from April to May, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Unsupported Payments - K2,338,984

The Controlling Officer informed your Committee that all payments had since been adequately supported with the relevant documentation. He explained that payments could not be adequately supported at the time of audit due to misfiling. In future, however, the University would ensure that all payments were appropriately supported before making payments. The supporting documents/acquittal sheets were available for verification.

Committee’s Observations and Recommendations

Your Committee is concerned over the weak internal controls in the management of payment vouchers at the institution, may lead to loss of public funds through fraud. In this regard, your Committee urges the Controlling Officer to institute disciplinary action against the erring officers for the misfiling. Your Committee further directs the Controlling Officer to urgently take measures to enhance internal controls at the institution. However, your Committee recommends that the matter be closed subject to audit verification.

b) Failure to submit Activity Reports - K519,100

The Controlling Officer submitted that the imprest retirements had been adequately supported with the relevant reports. He explained that the payments could not be adequately supported at the time of audit due to the fact that the reports were filed separately and that the tasked team leaders could not avail the reports on time. He, however, assured your Committee that in future, the University would ensure that all retirements are appropriately supported with relevant reports. The monitoring and activity reports were available for verification.

Committee’s Observations and Recommendations

Your Committee observes that the failure by management to demand for reports after authorising the issuance of imprest is a very serious weakness in the Ministry. Your Committee urges the Controlling Officer to caution the officers who delayed in the submission of reports. The matter is, however, recommended for closure subject to audit verification.

c) Unretired Accountable Imprest - K696,628

The Controlling Officer informed your Committee that the accountable imprest had been retired. He assured your Committee that in future, the University would ensure that imprest was retired once the assignment for which the imprest was issued had been completed.
Committee’s Observations and Recommendations

Your Committee expresses concern that the imprest in question was not retired in accordance with the Financial Regulations and urges the Controlling Officer to take disciplinary action against the erring officers. The matter is, however, recommended for closure subject to audit verification.

d) Irregular Payment of Allowances - K153,600

The Controlling Officer explained that according to the Primary Teachers Diploma by Distance Learners (PTDDL) Policy for running distance programmes, the above allowances were paid because the officers were entitled to receive the said allowances. However, the officers did not carry out the routine assignments as indicated but that this was done during the distance programme where workers, lecturers and hired workers were paid by the distance programme for doing the work.

Committee’s Observations and Recommendations

Your Committee observes that the Cabinet circular relating to allowances appears to be in conflict with the employees’ other entitlements. Your Committee urges the Secretary to the Treasury to review this matter and make appropriate recommendation to the Secretary to the Cabinet on the need to revisit and clarify the cabinet circulars relating to allowances. Your Committee will await a progress report on the matter.

e) Irregular Procurement of Goods and Services Using Imprest - K1,137,952

The Controlling Officer submitted that the University had used imprest to purchase goods and services from those suppliers who demanded for cash and not cheques. These were the only suppliers who had goods at that particular time to provide to the University. In this regard, this prompted the University to procure goods in that manner in order to meet the deadline for the urgent activities. Your Committee was informed that the Ministry had since seconded a Procurement Officer to Chalimbana University to ensure that the procurement of goods and services was undertaken in accordance with the Procurement Act of 2008 and other laid down regulations and guidelines. Your Committee further learnt that tuition fees were paid as imprest to officers who were sponsored for distance residential programme and these had since been retired. The Institution had put in place measures to ensure that imprest was not paid for the procurement of goods and other services.

Committee’s Observations and Recommendations

Your Committee observes that the use of imprest to procure goods and services is highly irregular and in contravention of the Financial Regulations. Your Committee also observes that the goods said to have been bought are not even recorded in the stores records, raising doubts as to whether they were indeed procured. In this regard, your Committee urges the Controlling Officer to institute disciplinary action against the officers responsible for this irregularity. The matter is, however, recommended for closure subject to audit verification.

f) Unaccounted for Stores - K925,957

The Controlling Officer informed your Committee that all stores items had been recorded in the ledgers and disposal details were available for verification. He added that the Ministry had since seconded a Procurement Officer. In addition, the fuel coupons, fuel registers and statements from the filling station were available for scrutiny.
Committee’s Observations and Recommendations

Your Committee and urges the Controlling Officer to stop to the practice of not availing supporting documents during the audit but only availing them afterwards. In this vein, your Committee urges the Controlling officer to institute disciplinary action against officers who failed to provide these documents. Your Committee, further, requests the Office of the Auditor General to verify the Controlling Officer’s response The matter is, however, recommended for closure subject to audit verification.

g) Circumvention of Tender Procedures - K95,250

The Controlling Officer explained that the Institution selected the four suppliers for printing services based on the method of three quotations. Furthermore, these firms were the cheapest and the best in terms of printing and supplying of stationery. The firms supplied the module books on to the Institution on credit. However, the management of the Institution had been advised to adhere to the ZPPA Act, No. 12 of 2008 and the Public Procurement Regulations to avoid reoccurrence of such irregularities. Your Committee was further informed that the Controlling Officer had directed the University senior management to ensure that the University operated within the ZPPA Act and ZPPA Regulations. To this effect, and in compliance with the ZPPA Act the level of authority had been revised from K10,000 to K50,000 for the Vice Chancellor ceiling and that any procurements above K50,000 should be referred to the University Procurement Committee.

Committee’s Observations and Recommendations

Your Committee finds the reason given by the Controlling Officer for the failure to adhere to laid down tender procedures in this procurement unacceptable. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against all officers responsible for circumventing procurement procedures. Further, your Committee urges the Controlling officer to ensure that Procurement Officers at the University are familiar with both the ZPPA Act and the Procurement Guidelines in order to avoid recurrence of such irregularities. Your Committee will await a progress report on the matter.

h) Irregular Sponsorship and Payment of Tuition Fees - K1,081,189

The Controlling Officer explained to your Committee that after the National In –Service Teachers College (NISTCOL) was transformed into a public university following Government’s pronouncements in 2011, the management made resolutions that all members of staff needed to undergo training in order to enhance competence in their fields of work. In this regard, the officers were selected from their departments and applied to various Universities for part-time or distance programme, only for consideration. Thereafter, they were selected and acceptance letters were brought to the management for action. Your Committee was further informed that the Institution had since written to the Public Service Management Division (PSMD) to seek retrospective authority to allow the officers proceed for studies. Further, the officers had been made to fill in bonding forms and the Institution was putting in place a Training Policy.

Committee’s Observations and Recommendations

Your Committee finds it highly irregular that the Controlling Officer allowed officers to proceed on study leave without PSMD authority. Your Committee emphasises that under the Financial Regulations, there is no provision for retrospective authority, and the Controlling officer should desist from doing anything with proper authority. Your Committee is further concerned that the applications, acceptance letters from the institutions and bonding agreements between the officers and the sponsoring institution were not availed for audit. Your Committee calls on the Controlling
Officer to take disciplinary action against all officers responsible for these irregularities. The matter is recommended for closure subject to audit verification.

i) Utility Bills – Electricity

The Controlling Officer informed your Committee that ZESCO had provided management with the quotation amounting to K413,449.39 for the de-linking of the institutions mentioned above and staff houses from the University supply line and to installation of prepaid meters. The quotation was forwarded to the Ministry for action since the University had no capacity to meet this cost. The Controlling Officer informed the Committee that the University was awaiting feedback.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to follow up the matter with ZESCO Limited in order to avoid further loss of public funds through penalties due to outstanding debts. Your Committee awaits a progress report.

MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND EARLY EDUCATION

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Accounting and Other Irregularities

57. An examination of accounting, stores and other records maintained at the Ministry Headquarters, Provincial Education Offices and physical inspections carried out between March and September, 2015, in selected District Education Boards and schools in the Provinces, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Procurement of Grade 1 Term 2 and 3 Zambian Languages Pupils Books National Literacy Framework - ZEPH

The Controlling officer informed your Committee that following the verification exercise that was conducted in December 2015 by the Office of the Auditor General, the matter was recommended for closure.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

b) Supply and Delivery of Free Basic Materials (Lots 2, 3, 4, 5 and 6) for Grade 1 – 7 – Premium Way International Ltd

i. Expired Guarantee

The Controlling Officer informed your Committee that following the verification exercise that was conducted in December, 2015 by the Office of the Auditor General, the matter was recommended for closure.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.
ii. **Failure to Provide Distribution and Delivery Details**
The Controlling officer informed your Committee that following the verification exercise that was conducted in December 2015 by the Office of the Auditor General, the matter was recommended for closure.

**Committee’s Observations and Recommendations**
Your Committee resolves to close the matter.

iii. **Failure to Deliver Free Basic Education Materials**
The Controlling Officer informed your Committee that following the verification exercise that was conducted in December, 2015 by the Office of the Auditor General, the matter was recommended for closure.

**Committee’s Observations and Recommendations**
Your Committee resolves to close the matter.

iv. **Delayed Distribution and Delivery of Free Basic Materials**
The Controlling officer submitted before your Committee that following the verification exercise that was conducted in December, 2015 by the Office of the Auditor General, the matter was recommended for closure.

**Committee’s Observations and Recommendations**
Your Committee resolves to close the matter.

c) **Supply and Delivery of Free Basic Materials (Lots 1 and 7) for Grades 1 to 7 - Web International LTD**

i. **Expired Guarantee**
The Controlling officer submitted before your Committee that following the verification exercise that was conducted in December, 2015 by the Office of the Auditor General, the matter was recommended for closure.

**Committee’s Observations and Recommendations**
Your Committee resolves to close the matter.

ii. **Late Delivery of Materials**
The Controlling officer submitted before your Committee that following the verification exercise that was conducted in December, 2015 by the Office of the Auditor General, the matter was recommended for closure.

**Committee’s Observations and Recommendations**
Your Committee resolves to close the matter.

iii. **Failure to Enforce Contract Terms**
The Controlling officer submitted that following the verification exercise that was conducted in December, 2015, by the Office of the Auditor General, the matter was recommended for closure.
Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

d) Weaknesses in the Management of Grants in Various Provinces, PEOs and DEB

i. Unretired Imprest - K310,682
The Controlling Officer informed your Committee that the accountable imprest was retired and the records verified by the Office of the Auditor General.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

ii. Failure to Provide Activity Reports - K257,184

The Controlling Officer informed your Committee that the activity reports relating to imprests in amounts totalling K257,184 were availed to the external auditors and the matter was recommended for closure.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

iii. Failure to submit Expenditure Returns
The Controlling Officer submitted that the expenditure returns were submitted and verified by the Auditor General, and the matter was recommended for closure.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

iv. Unsupported Payments - K432,937

The Controlling Officer informed your Committee that the unsupported payments were adequately supported and availed for audit scrutiny, after which the matter was recommended for closure.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

v. Misapplication of Funds - K84,793

The Controlling Officer submitted that from the K84,793, Senanga DEBS reimbursed K74,500 therefore, leaving a balance of K10,293 outstanding. The reimbursement had since been verified. Further, the balance of K10,293 from Nakonde DEBS and Lunga Secondary School had since been reimbursed to the NIF III account and expensed in accordance with the stipulated guidelines. The records were also available for audit verification.
Committee’s Observations and Recommendations

Your Committee reminded the Controlling Officer to avoid misapplying funds under any circumstances. Your Committee recommends the matter for closure subject to audit verification.

vi. Unaccounted for Stores - K18,360
The Controlling Officer submitted before your Committee that receipt and disposal details were availed to the Office of the Auditor General for verification.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

vi. Failure to Inscribe Government Assets - K155,873.00
The Controlling Officer informed your Committee that out of the various furniture and equipment costing K155,873, a total of K112,925 worth of equipment had been inscribed and the matter is recommended for closure. Further, the outstanding uninscribed assets totalling K17,605 from Kasempa Day Secondary School and Mufinge Girls Secondary had also been numbered and the records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

vii. Unaccounted for Funds – Mwinilunga DEBS
The Controlling Officer informed your Committee that the current position was that the balance of K23,979 unaccounted for was deposited to the NIF III account and the retirements were availed to the Office of the Auditor General for verification.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND EARLY EDUCATION

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PARAGRAPH 58

Accounting and Other Irregularities

58. An examination of accounting and other records maintained at Regional Headquarters, DEBS, Colleges, Primary, Secondary Schools and Chalimbana University carried out in May, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Employees on Payroll (PMEC), but not at Station

The Controlling Officer informed your Committee that at the time of audit, staff returns were requested by the Auditors so that they could determine where the individual staff members belonged on the payroll. After verification with the National Registration Card numbers (NRCs) on the staff
establishment, there was no correspondence with the ones on the PMEC system because some members of staff serving in other districts were not captured in districts housing their payrolls. Additionally, the other reason why the staff establishment and the PMEC establishment (staff assignment) could not reconcile was that some members of staff had been transferred to other districts and provinces but were still on the district’s payroll.

Further, some stations (schools) which were appearing on the district’s staff establishments did not have the PMEC establishment and this had resulted into a situation where some employees were not found on the PMEC establishments for stations where they were currently serving. Instead, they were found on stations which did not yet have PMEC establishments. Therefore, it was only when such stations were given the PMEC establishments on the system, then the officers would be placed at the stations where they were physically serving.

Furthermore, some stations had small PMEC establishments, especially township schools. However, the enrollments in these schools were very high and the districts were forced to pull some teachers from other stations to mitigate the shortfalls. In the process, this created a situation where some employees appeared at different stations and not where they were physically serving. The Controlling Officer informed your Committee that some employees were seconded to serve in other stations resulting in them not being found at the stations appearing on the PMEC establishments. The relevant records were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee observes with concern that this irregularity may result in the loss of government funds through payments to non-existent (ghost) workers. Your Committee implores the Controlling Officer to urgently sort out the records in relation to personal emoluments and ensure that personnel are stationed at their respective payroll areas in order to curtail recurrence of such anomalies. Your Committee will await a progress report on the matter.

**b) Irregular Payment of Responsibility Allowance**

The Controlling Officer informed your Committee that most of the officers whose responsibility allowance was cited were actually entitled. He explained that most schools had limited numbers of senior subject teacher positions and these diploma holders were compelled to handle senior secondary classes as well, and as such, were entitled to the allowance until such a time when they were upgraded by the Teaching Service Commission. For non–qualifying teachers your Committee was informed that the irregularly paid responsibility allowances had been recovered and the supporting pay slips were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee finds this unacceptable and questions why this explanation was not availed to the Auditors at the time of audit. In this regard, your Committee strongly urges the Controlling Officer to strengthen internal controls in order to prevent such anomalies. The Controlling Officer is further urged to institute disciplinary action against the officers who authorised the irregular payments. The matter is, however, recommended for closure subject to audit verification.

**c) Irregular Payment of Double Class Allowance - K70,700**

The Controlling Officer informed your Committee that the data which was submitted regarding double class allowance by the school administration to the Auditors during the audit period was for the 2015 financial year instead of the 2014 financial year.
This resulted into disparities between the data which the Auditors were looking and the data submitted. In this regard, the Public Service Management Division had been written to normalise the matters highlighted so that recoveries could be effected.

In the case of Manyinga, the cited officer was still on the Kabompo payroll following the separation of the Manyinga and Kabompo districts. The records were available for audit scrutiny.

**Committee’s Observations and Recommendations**

Your Committee finds it highly irregular that the Controlling Officer allowed payments to be made to officers who were not entitled to the allowance without obtaining authority from the DEBS Office. In this regard, the Controlling Officer is sternly cautioned to always obtain authority on such matters to avoid unnecessary queries and ensure that the matter is followed up with the Public Service Management Division to effect the recoveries. A progress report is awaited by your Committee.

d) **Irregular Payment of Remote Hardship Allowance**

The Controlling Officer submitted before your Committee that the Provincial Education Officers had been directed to ensure that all outstanding irregularly paid remote hardship allowances were fully recovered effective February, 2016 payroll inputs.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable that the Controlling Officer did not initiate the recoveries for the irregularly paid allowances until these matters were raised by the Auditors. In this vein, your Committee urges the Controlling Officer to ensure that action is taken against all officers who authorised the payments and caused the anomaly. A progress report on the recoveries made is awaited by your Committee.

e) **Irregular Payment of Rural Hardship Allowance**

The Controlling Officer explained that the irregularity was as a result of the upgrading of some primary schools into secondary schools, which did not match the establishment register and as such, teachers were temporarily transferred from rural schools to beef up staff at the newly established secondary schools, which did not have PMEC positions. These teachers, therefore, continued getting their salaries from their previous stations. However, the current position was that the recoveries had been effected for the ineligible officers and the records were available for audit scrutiny.

**Committee’s Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to reconcile the establishment register as soon as possible in order to correct the discrepancy and avoid recurrence of this anomaly. Your Committee resolves to await a progress report on the matter.

f) **Payment of Remote Instead of Rural Hardship Allowances**

The Controlling Officer submitted that the recoveries totalling K106,136 had been effected from all the affected officers and the supporting pay slips were available for audit verification.

**Committee’s Observations and Recommendations**

The Controlling Officer is urged to ensure that disciplinary action is instituted against the officers who authorised these irregular payments. Your Committee further directs that all documentation be
submitted to the Auditor General for verification. Your Committee will await a progress report on the matter.

g) Officers with Net Pay Less than 40%

The Controlling Officer informed your Committee that the Provincial Education Officers had been guided to ensure that net pay after deductions, should not be less than 40% of the basic pay. However, the queried pay slips had since been normalised and were available for audit scrutiny.

Committee’s Observations and Recommendations

The Controlling Officer is urged to sternly caution the officers responsible for this irregularity and to ensure that the Public Service Management Division Circular No. B19 of 2007, is strictly adhered to henceforth, to avoid recurrence. Your Committee further directs that all documentation relating to the normalization of the pay slips be submitted to the Auditor General for verification. Your Committee will await a progress report on the matter.

h) Irregular Payment of Housing Allowance to Officers Occupying Institutional Houses - K1,529,367

The Controlling Officer submitted before your Committee that the irregular housing allowance paid to teachers had since been discontinued and recoveries effected for their irregular entitlement. He informed your Committee that the Ministry intended to guide the Provinces on the interpretation of the Terms and Conditions No. 186 (b) which stipulates that “officers who are accommodated in shared Government quarters shall not be required to pay rent”.

Committee’s Observations and Recommendations

Your Committee finds the Controlling Officer’s response unacceptable as it is management’s duty to ensure that officers under the Ministry are familiar with the Financial Regulations, procedures and guidelines. In this regard, management is sternly cautioned for failing in their duties and the Controlling Officer is urged to institute disciplinary action against the officers who authorised the payments and those who did not report that they were receiving the allowance while occupying institutional houses. Your Committee awaits a progress report on the matter.

i) Failure to Constitute a Medical Board – Sesheke Secondary School

The Controlling Officer submitted that the Provincial Office had since been directed to facilitate the constitution of a medical board in accordance with the Public Service Terms and Conditions of Service. The relevant records were available for audit verification.

Committee's Observations and Recommendations

Your Committee is concerned that it has taken inordinately long for the Ministry to request for the medical board to be constituted. This has resulted in loss of public funds through payments to officers not rendering any service to the Government. In this regard, your Committee urges the Controlling Officer to ensure that a medical board is constituted without further delay. Your Committee awaits a progress report on this matter.

j) Failure to Recover Loans and Advances – Northern Province

The Controlling Officer informed your Committee that recoveries from all the six employees in amounts totalling K53,500 had been effected and pay slips were available for audit verification.
Committee’s Observations and Recommendations

Your Committee expresses concern as to why the responsible officers failed to institute the recoveries for so long until the matter was reported by the Auditor General. In this vein, your Committee cautions the Controlling Officer against delays in effecting recoveries of loans and advances in future. Your Committee recommends the matter for closure subject to audit verification.

MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND EARLY EDUCATION

AUDIT QUERY

| DEPARTMENTS | Regional Headquarters, District Education Offices, Secondary Schools and Teachers’ Training Colleges. |
| UNITS | Various |
| PROGRAMMES | Various |
| ACTIVITIES | Various |

Accounting and Other Irregularities

59. An examination of accounting and other records maintained at Regional Headquarters, District Education Board Offices, Colleges, Schools and physical inspections of selected projects carried out in March, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Missing Payment Vouchers - K75,643

The Controlling Officer informed your Committee that all the missing payment vouchers had been retrieved and the records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee observes that the query is as a result of negligence on the part of the officer and poor supervision by management. Your Committee finds this unacceptable and urges the Controlling Officer to mete out disciplinary action against all the erring officers. Your Committee awaits a progress report on the matter.

b) Unsupported Payments - K1,404,197

The Controlling Officer informed your Committee that the 267 payments had since been adequately supported with documentation such as cash sales receipts and local purchasing orders and the records were available for audit scrutiny.

Committee’s Observations and Recommendations

Your Committee is concerned that supporting documents were not availed during the time of audit. In this vein, your Committee cautions the Controlling Officer against such negligence and disregard for the audit process, and recommends that disciplinary action be taken against the officers responsible for the omission without delay. Your Committee further directs that the traced supporting documents be availed to the Office of the auditor General for verification. Your Committee will await a progress report on the matter.
c) Irregular Payment of Subsistence and Meal Allowances - K614,977

The Controlling Officer informed your Committee that the Provinces had been directed to effect recoveries for the irregularly paid meal and subsistence allowances and the records were available for audit verifications.

Committee’s Observations and Recommendations

Your Committee expresses concern at the irregular payment of allowances. In this vein, your Committee insists that no allowances should be paid outside the provisions of the Financial Regulations under any circumstances henceforth. In light of the blatant breach of the Financial Regulations exhibited by the officers, your Committee urges the Controlling Officer to institute disciplinary action against all the erring officers. Your Committee resolves to close the matter subject to audit verification.

d) Irregular Payment of Refunds - K178,165

The Controlling Officer submitted that all the Provinces and Districts had been directed to refrain from using accountable imprest for procurement of goods and services whose market value was readily obtainable. However, the affected Province, DEBS and schools had since effected recoveries for the refunds that were irregularly paid for the procurement of various items such as cleaning and building materials among other stores items.

Committee’s Observations and Recommendations

Your Committee finds the response by the Controlling Officer unacceptable as it is not clear why the officers used their own personal funds for the procurement of the items in question and whether the procurements were competitive and compliant with the laid down procurement procedures. In this regard, your Committee directs the Controlling Officer to institute a thorough probe into the matter, subsequent to which appropriate action should be taken in accordance with the Financial Regulations, the Public Procurement Act and all other applicable laws and regulations. Meanwhile, all relevant documents should be presented to the Auditor General for verification. Your Committee resolves to await a progress report on the matter.

e) Officers on Studies without Approved Leave - K30,710

The Controlling Officer was informed that the Provincial Education Officer through the Ministry had granted retrospective authority to Chifubu Secondary School and directed that in future the School should strictly adhere to the stipulated Terms and Conditions of Service for the Public Service. The records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that the Controlling Officer appeared to have acquiesced in the payment of tuition fees for officers whose study leave had not been approved as required by the terms and conditions of service. Your Committee questions the basis on which the payments were authorised, albeit retrospectively, in the absence of the approval of the officers’ leave from PSMD. Your Committee further notes that the regulations do not provide for retrospective authority because this could be open to abuse. Your Committee, therefore, calls upon the PSMD to follow up this matter and take necessary action against all the erring officers in accordance with the regulations. Your Committee further calls for recovery of all payments made without appropriate authority. Your Committee will await a progress report on the matter.
f) **Unretired Accountable Imprest - K526,865**

The Controlling Officer submitted before your Committee that the accountable imprest in amounts totalling K526,865 involving 149 transactions had been retired and the records were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer against allowing huge sums of public funds to remain unaccounted for by way of unretired imprest but must effect recoveries as soon as such retirements fall due if they are not retired timely. This calls for close monitoring of the imprest register. Further, your Committee recommends that the Controlling Officer must henceforth ensure that officers under the Ministry adhere to the Financial Regulations on the retirement of imprest. In addition, your Committee directs that all the retirement documents be presented to the Auditor General for verification. Your Committee resolves to await a progress report on the matter.

g) **Subsequent Issuance of Imprest - K106,552**

The Controlling Officer informed your Committee that the heads of the affected institutions had been directed to comply with the stipulated Financial Regulations and refrain from the issuance of imprest to officers with unretired imprests. The records were available for audit scrutiny.

**Committee’s Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer against allowing huge sums of public funds to remain unaccounted for by way of unretired imprest but must effect recoveries as soon as such retirements fall due if they are not retired timely. Your Committee is further concerned that the officers who had outstanding imprest were issued with even more accountable imprest. This should not be allowed at all. In this vein, there is need to closely monitor the imprest register by the management of the institutions concerned. Further, your Committee recommends that the Controlling Officer must henceforth ensure that officers under the Ministry adhere to the Financial Regulations on the retirement of imprest. In addition, your Committee directs that all the retirement documents be presented to the Auditor General for verification. Your Committee resolves to await a progress report on the matter.

h) **Failure to Provide Monitoring/ Activity Reports - K307,752**

The Controlling officer informed your Committee that the activity or monitoring reports were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee observes that the failure to avail activity reports is tantamount to wasteful expenditure as such reports are aimed at improving the management’s decision-making. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against officers who are responsible for the omission. Your Committee, however, resolves to close the matter subject to audit verification.

i) **Irregular Procurement of Goods and Services Using Imprest - K633,769**

The Controlling Officer submitted before your Committee that the Provincial Education Officers had been directed through a Circular from the Ministry, to refrain from using accountable imprest to procure goods and services whose value was obtainable on the market.
Committee’s Observations and Recommendations

Your Committee observes that the use of accountable imprest to procure goods and services whose values were obtainable on the market and the fact that the Controlling Officer has not taken any action against the officers responsible. Your Committee urges the Controlling Officer to institute disciplinary action against all erring officers without further delay. Your Committee will await a progress report on the matter.

j) Payments Above Authorised Threshold

With regard to the Mongu Provincial Office, the Controlling Officer informed your Committee that authority from the Provincial Tender Committee was granted. Further, the Provinces, Districts and the Secondary Schools had been directed to strictly adhere to the Financial Regulations, the Public Procurement Act of 2008 and the Public Procurement Guidelines No. 1 of 2012. Additionally, the Provinces had been directed to conduct orientation workshops on the importance of compliance with the Act as part of the remedial measures.

Committee’s Observations and Recommendations

Your Committee is concerned that the Controlling Officer does not appear to be in control of the financial operations at the Provincial Offices as they seem to flout financial, procurement and other related regulations with impunity. Your Committee, therefore, cautions the Controlling Officer to henceforth closely supervise all offices falling under his charge and to be proactive in ensuring that all the requisite procurement procedures are strictly adhered to without fail. Your Committee further recommends that the Controlling Officer institute disciplinary action against all erring officers in the matter. Your Committee will await a progress report on the matter.

k) Failure to Inscribe Government Assets - K489,309

The Controlling Officer submitted that assets costing K489,309 procured during the period under review had since been inscribed and the records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

l) Unaccounted for Stores - K2,260,770

The Controlling Officer submitted that out of the total amount of K2,260,770 procured during the period under review K2,182,796 had been accounted for, leaving a balance of K77,974. He informed your Committee that the Ministry was making efforts to ensure that the outstanding amount was accounted for.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to account for stores amounting to K2,260,770 which has not been accounted for and urges him to institute disciplinary action against the officers responsible for this irregularity. Your Committee further urges the Controlling Officer to ensure that the balance of stores is accounted for without delay. Your Committee also recommends that the Controlling Officer submits all the traced documents to the Office of the Auditor General for verification. Your Committee resolves to await a progress report on the matter.
m) Failure to Disburse Grants to Basic Schools

The Controlling Officer informed your Committee that the District Education Offices had been directed to ensure that the grants were disbursed to the basic schools and the records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee is alarmed that the DEBS offices failed to disburse grants to basic and community schools, hence depriving the intended beneficiaries of their entitlements despite Government’s efforts in mobilising the resources, and could not account for the retained funds. In this regard, your Committee reiterates that the Controlling Officer closely monitor the financial operations in the provincial and district offices so as to avert a recurrence of this totally unacceptable situation. In the same vein, your Committee urges the Controlling Officer to immediately institute an investigation to determine how the funds were utilised, subsequent to which appropriate disciplinary action should be taken against all officers responsible for this irregularity or reported to the law enforcement agencies if necessary. Further, the districts concerned should reimburse the funds to the schools within the 2016 financial year. A progress report will be awaited by your Committee.

n) Failure to Deduct Tax - K375,539

The Controlling Officer submitted before your Committee that the Provincial Education Offices had been directed to calculate the amount due to the Zambia Revenue Authority and remit the outstanding amounts once the treasury released funding. The relevant records to this effect were availed for audit scrutiny.

Committee’s Observations and Recommendations

Your Committee is alarmed at the level of impunity displayed by the officers in the Ministry. In this regard, your Committee cautions the Controlling Officer ensure that statutory obligations are deducted and remitted. Your Committee, therefore, recommends that deductions be instituted from the emoluments of the officers who were paid various tax free allowances. Further, all officers who authorised the payments should be disciplined for this irregularity. Your Committee resolves to await a progress report on the matter.

o) Failure to Remit Tax - K627,177

The Controlling Officer informed your Committee that the current position was that the taxes had been remitted to the Zambia Revenue Authority and the records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee implores the Controlling officer to closely supervise the financial operations of the DEBS offices in order to avert such irregularities. Your Committee further recommends that disciplinary action be taken against all officers responsible for the failure to remit the taxes. Additionally, your Committee resolves to await a progress report.

p) Failure to Recover Loans and Salary Advances - K225,320

The Controlling Officer explained that the Provincial Administration in Western Province could not recover the loans and salary advances due to miscommunication over the recruited staff prior to obtaining treasury authority from the Ministry of Finance. In this regard, authority was granted for less staff than what was requested for and employed. He, however, informed your Committee that the recoveries had been effected and the records were available for audit verification.
Committee’s Observations and Recommendations

Your Committee finds the explanation by the Controlling Officer incomprehensible and, therefore, unacceptable. Your Committee calls on the Controlling Officer to ensure that the loans and salary advances are recovered without further delay and to institute disciplinary action against all erring officers in this matter. Your Committee resolves to await a progress report on the recoveries made.

q) Irregular Payment of Teachers Subsidies and Incentives - K343,942

The Controlling Officer informed your Committee that the head teachers through their Provincial Education Officers had been directed to effect deductions of the K343,942 teacher subsidies and incentives and ensure that they were remitted to the Zambia Revenue Authority.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against all officers who authorised the payment of these allowances in total disregard of the laid down regulations and standing instructions. Your Committee further calls upon the Controlling Officer to expedite the deductions and remittance thereof to the Zambia Revenue Authority. Your Committee resolves to await a progress report on the matter.

r) Failure to Provide Expenditure Details - K178,085

The Controlling officer informed your Committee that the expenditure details had since been retrieved and the records were available for audit scrutiny.

Committee’s Observations and Recommendations

Your Committee observes that this anomaly arose as a result of poor supervision by the management at the schools in question in that they did not secure expenditure details and avail them for audit as required by the Financial Regulations. In this regard, your Committee urges the Controlling Officer to ensure that necessary disciplinary action is taken against the officers for this anomaly. Your Committee resolves to await a progress report on the matter.

s) Failure to Maintain Accounting Records – Kasempa Secondary School - K248,400

The Controlling officer informed your Committee that the accounting records had since been updated and the records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee observes that the failure to update records is mainly due to negligence on the part of the officers and poor supervision. In this regard, your Committee urges the Controlling Officer to ensure that control measures are enhanced at the school in an effort to improve record keeping. The Controlling officer is further, urged to initiate disciplinary action against the officers who failed to perform their duties, resulting in this irregularity. Your Committee resolves to await a progress report on the matter.
Western Province

i. Use of Revenue at Source – Mongu School for Continuing Education - K151,315

The Controlling officer informed your Committee that remedial measures had been put in place and the school had been directed to comply with the Financial Regulations. The records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the blatant disregard for Financial Regulations. It urges the Controlling Officer to take disciplinary action against all officers who authorised the use of revenue at source and to sternly caution the management of the institution to desist from using funds at source without appropriate authority. The Controlling Officer is further urged to ensure that retrospective authority is granted without any further delay. Your Committee resolves to await a progress report on the matter.

ii. Failure to Account for Receipts – Luampa Secondary School

The Controlling Officer informed your Committee that the Provincial Education Officer had directed the School to report the matter to the law enforcement authorities. The minutes and other supporting documentation were available for audit verification.

Committee’s Observations and Recommendations

Your Committee is disappointed that this matter was not rectified until it was raised by the Auditor General. In this regard, your Committee directs the Controlling Officer to ensure that the matter is reported to the law enforcement agencies without any further delay and to follow up the case to its logical conclusion. A progress report is awaited by your Committee.

iii. Failure to Avail Receipt Books for Funds Deposited – Luampa Secondary School

The Controlling Officer submitted before your Committee that the Provincial Education Officer had been directed to normalise the receipting from private receipting to Government Receipting through the General Receipt Books and the records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee is seriously concerned that private receipt books are being utilised to receipt Government revenue as this can be a conduit for fraudulent activities at the school. Your Committee urges the Controlling Officer to take disciplinary action against the officers responsible for this disregard of Financial Regulations and to caution the management of the school against the practice. The Controlling Officer is, further, urged to take measures aimed at ensuring that the matter does not recur. Your Committee resolves to await a progress report on the matter.

iv. Payments Above Threshold – Shango’mbo DEBS - K64,500

The Controlling Officer informed your Committee that authority was granted in December by the Provincial Tender Committee for the award of the contract in favour of MBG Transport Company and the records were available for audit.

Committee’s Observations and Recommendations

Your Committee is disappointed that the Controlling Officer does not appear to be in control of the financial operations at the District Offices as they seem to flout financial, procurement and other related regulations with impunity. Your Committee, therefore, cautions the Controlling Officer to henceforth closely supervise all offices under his jurisdiction and to be proactive in
ensuring that all the requisite procurement procedures are strictly adhered to without fail. Your Committee further recommends that the Controlling Officer institutes disciplinary action against all erring officers in the matter. Your Committee will await a progress report on the matter.

v. **Failure To Provide Income Details – Pemba High School – Southern Province**
The Controlling Officer submitted that the income and expenditure report was available for audit verification

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail the records to the Auditors at the time of audit, an action which is in contravention of the *Public Audit Act, Chapter 378 of the Laws of Zambia*. The Controlling Officer is urged to take disciplinary action against the erring officers and to submit all relevant documentation for audit verification. Your Committee resolves to await a progress report on the matter.

w) **Muchinga Province**

i. **Missing Original Copies of Cancelled Receipts – Chinsali Girls’ Secondary School**
The Controlling Officer informed your Committee that all the six duplicate copies of the cancelled receipts had been retrieved and the records were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee finds the explanation by the Controlling Officer inadequate as measures should have been taken to secure all the duplicate copies of the cancelled receipts and avail them to the Auditors during the time of audit. The Controlling Officer is urged to take disciplinary action against the officers who failed in their duties and submit all relevant documents for verification. Your Committee will await a progress report on the matter.

ii. **Undelivered Items – Mpika Boys Secondary School - K40,045**
The Controlling Officer informed your Committee that out of K40,045 of undelivered items to the School, K19,000 had been delivered and the School was awaiting the delivery of the balance of K39,045 foodstuffs and clothing materials for the Grade 12 practical lessons. The records were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee is dismayed at the piecemeal delivery of items which were paid for in full. In this regard, the Controlling Officer is strongly urged to ensure that the remaining items are delivered without further delay and to submit all relevant documentation for audit verification. Your Committee awaits a progress report on the matter.

iii. **Lack of Expenditure Details – Chama Boarding Secondary School - K257,447**
The Controlling Officer informed your Committee that the expenditure details had been updated and the records were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable that evidence is not provided to the Auditors during the time of audit and recommends that the Controlling Officer to institute disciplinary action against the responsible officers for this lapse. Your Committee direct that all relevant documentation be submitted for verification. Your Committee will await a progress report on the matter.
iv. Employees not Paying Statutory Contributions – Chama Boarding Secondary - K6,850
The Controlling Officer assured your Committee that the omission would not repeat itself and the school was following up on the matter.

Committee’s Observations and Recommendations

Your Committee notes that this irregularity arose as a result of laxity on the part of the officers charged with the responsibility of processing and authorising these payments. In this regard, your Committee urges the Controlling Officer to institute disciplinary action against all erring officers in this matter, and to ensure that the funds are remitted to NAPSA without any further delay. Your Committee awaits a progress report on the matter.

x) Lusaka Province

i. Failure to Deliver Books – Siavonga DEBS - K34,412
The Controlling Officer informed your Committee that the text books for the Grades 1 to 9 pupils had since been delivered and the records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee is disappointed that no action was taken over the delayed delivery until the matter was queried by the Auditor General. In this regard, your Committee urges the Controlling Officer to take measures to avoid delays in the future procurement of goods and services but ensure that deliveries are promptly done. Your Committee further directs that the records be submitted for audit verification. Your Committee however, resolves to close the matter subject to audit verification.

ii. Splitting of Payments – Lusaka GRZ Secondary School
The Controlling Officer submitted that a Secondary School Head Teacher can only authorise or approve payments up to K5,000. However, it was observed that various cheques were issued on the same dates to the same suppliers in amounts slightly below the K5,000 limit in an apparent effort to circumvent the procurement guidelines. In this regard, a total of K61,554 was paid in piece – meal to various suppliers for the procurement of various items.

The Controlling Officer informed your Committee that remedial measures had been put in place and the School was oriented by the Provincial Regional Office on the importance of complying with the Procurement Act of 2008 and other applicable guidelines. He further assured your Committee that this anomaly would not repeat itself. The relevant records were available for audit verification.

Committee’s Observations and Recommendations

Your Committee observes with concern that officers willfully circumvented procedures as they chose to split payments, which is clear evidence of the fact that they understood procedure. In this regard, the Controlling Officer is urged to take stern disciplinary action against the erring officers. It is also recommended that the matter be reported to the law enforcement agencies for further probe. Your Committee will await a progress report on the matter.

y) Infrastructure

The Controlling Officer submitted that the Director, Planning and Information Department had been directed to follow up on the matter and your Committee would be updated through a progress report. However, the relevant records were available for audit verification.
Committee’s Observations and Recommendations

Your Committee is concerned that the targeted beneficiaries are not benefiting from the schools as a result of the delays in the completion of the projects and urges the Controlling Officer to ensure that the matter is followed up to its logical conclusion. A progress report is awaited by your Committee.

MINISTRY OF LANDS, NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

60. An examination of accounting and other records carried out in March, 2015 at the Ministry Headquarters and a visit to selected districts revealed weaknesses to which the Controlling Officer responded as set out below.

a) Unvouched Expenditure - K94,072

The Controlling Officer responded that all the eight payment vouchers totaling K94,072 were now available for verification. The delay to avail them to the Auditors was due to fact that they were misplaced by the accounting officers during data capturing when they were reconciling transactions in the 2014 Statement ‘C’.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all erring officers are disciplined for this failure to secure these important accounting documents. Further, your Committee directs that all relevant documentation be submitted for verification. Your Committee awaits a progress report on the matter.

b) Failure to Reimburse Funds - K223,898

The Controlling Officer informed your Committee that the Ministry was making efforts to ensure that the Revolving Fund Account was reimbursed before the end of first quarter of 2016.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the funds are reimbursed without any further delay. Your Committee awaits a progress report on the matter.

c) Unretired Accountable Imprest - K809,989

The Controlling Officer informed your Committee that the Ministry had received retirement details from nineteen officers amounting to K347,589.12 and that the balance of K462,399.61 relating to thirty five officers would be recovered from their salaries with effect from February, 2016. Your Committee would be kept informed on the progress.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to strictly enforce the provisions of the Financial Regulations in relation to the retirement of imprest. In this regard, your Committee is disappointed that the recoveries of outstanding imprest issued in 2014 would only start in February, 2016, contrary
to the Financial Regulations. In the same vein, your Committee urges the Controlling officer to institute disciplinary action against all erring officers and to submit all relevant documentation for audit verification. Your Committee awaits a progress report on the matter.

d) Misapplication of Funds - K4,225,687

The Controlling Officer informed your Committee that the Ministry did not have adequate funds to pay terminal benefits and could not postpone the auction of the Mukula Tree activity. The subsistence allowance of K1,223,940 was paid to the officers involved in the National Tree Planting activity. However, the Ministry was waiting for the reply from the Ministry of Finance with regard to the application for retrospective authority to vary funds that were spent on other activities.

Committee’s Observations and Recommendations

Your Committee wishes to remind the Controlling Officer that he has no authority to vary funds unilaterally. In this vein, your Committee reiterates that the Controlling Officer ought to lead by example in complying with the provisions of the law and Financial Regulations. Your Committee urges the Secretary to the Treasury to supervise Controlling Officers closely so as to avert recurrence of such irregularities. Your Committee recommends that the misapplied funds be reimbursed within the 2016 financial year and that the activities that were budgeted for be carried out without further delay. Your Committee resolves to await a progress report on the matter.

e) Unaccounted for Fuel - K166,926

The Controlling Officer submitted to your Committee that the receipt and disposal details had now been made available by the concerned departments and filling stations. The reason why the disposal details could not be availed to the auditors was that the documents were misplaced by the respective departments. The said documents were now available for audit verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all erring officers are disciplined for this failure to secure the receipt and disposal details to the auditor at the time of audit. Further, your Committee directs that all relevant documentation be submitted for audit verification. Your Committee awaits a progress report on the matter.

OFFICE OF THE PRESIDENT – MUCHINGA PROVINCE

AUDIT QUERY

PROGRAMME 2 : General Administration
ACTIVITY : Various

Accounting and Other Irregularities

61. An examination of accounting and other records maintained at the Provincial Administration and District Offices carried out during the period from February to May, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Failure to Produce Activity Reports - K8,120

The Controlling Officer confirmed that at the time of audit activity reports were not availed for audit as they were initially on individual files but indicated that these had since been retrieved and attached to payment vouchers. These were now available for verification.
Committee’s Observations and Recommendations

Your Committee observes that this query arose as a result of negligence and urges the Controlling Officer to take disciplinary action against the officers concerned. Your Committee will await a progress report on the matter.

b) Unaccounted for Stores - K175,232

The Controlling Officer submitted as set out below.

- Provincial Administration

With regard to general stores, the Controlling Officer acknowledged that at the time of the audit the receipt and disposal details were not availed for audit. However, the disposal details were now available for audit verification.

- Mpika DC

Regarding general stores, the Controlling Officer confirmed that at the time of the audit the disposal details were not availed for audit, however, they had since been retrieved and were ready for verification. Concerning fuel, he confirmed that at the time of the audit, the fuel disposal details were not availed. However, they were now ready for audit verification.

- Shiwang’andu DC

With regard to general stores, the Controlling Officer acknowledged that at the time of the audit the disposal details were not availed for audit. However, they were now available for audit verification. The Controlling officer further confirmed that receipt and goods received vouchers were not attached to the payment vouchers. These had been retrieved and were now attached to their respective payment vouchers and were available for verification. Regarding fuel, the Controlling Officer confirmed that at the time of the audit the fuel disposal details were not availed for audit. However, they were now available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that no action was taken to resolve this matter until after the Auditor General raised the query and no valid reason was given for this state of affairs. It is therefore, clear that the Controlling Officer is not closely supervising his subordinates, which situation is regrettable. Your Committee calls on the Secretary to the Treasury to closely monitor the financial operations of all MPSAs and regularly caution the Controlling officers against laxity which can result in audit queries and even loss of public funds. Your Committee urges the Controlling Officer to institute disciplinary action against the officers responsible for the failure to produce these documents during the audit. Your Committee will await a progress report on the matter.

c) Failure to Inscribe Government Assets - K32,155

The Controlling Officer acknowledged that various equipment costing K32,155 procured during the period under review were not marked due to the fact that the Province had no inscription equipment and as such relied on the Ministry of Works and Supply from Lusaka to come and mark the furniture and equipment. He stated that officers from Office Equipment Department in Kasama were invited to come and inscribe all queried equipment and this had since been done.
Committee’s Observations and Recommendations

Your Committee recommends that the matter be closed, subject to audit verification.

d) Irregular Drawings of Fuel – K87,733

The Controlling Officer confirmed that at the time of the audit the fuel disposal details were not availed. However, they were now available for audit verification.

Committee’s Observations and Recommendations

Your Committee observes that the Controlling Officer ought to institute strong control measures to avoid this anomaly. In this regard, your Committee strongly urges the Controlling Officer to put in place stringent controls in accordance with Financial Regulations and to ensure that the fuel disposal details are availed for audit verifications. Your Committee will await a progress report on the matter.

e) Inadequately Supported Payments - K86,257

The Controlling Officer acknowledged that out of the eighteen transactions not supported in amounts totalling to K52,078.22 at the Provincial Administration, fourteen transactions amounting to K39,072.89 were now adequately supported, leaving balance of four transactions amounting to K13,005.33 yet to be supported.

He stated that efforts were still being made to support the four remaining transactions. At the time of audit, most of the Goods Received Vouchers and receipts were with individual departments under Control 88. These were retrieved and attached to the payment vouchers and were now available for verification. He further stated that at Mpika District Commissioner’s office, all the five transactions amounting to K9,178 were now supported with receipts; goods received vouchers, quotations and local purchase orders. These had since been attached and ready for audit verification. At Nakonde District Commissioner’s office, four transactions amounting to K25,000 were now adequately supported and were available for audit verification.

Committee’s Observations and Recommendations

Your Committee finds the response by the Controlling Officer unacceptable and urges him to take matters of financial management seriously. He is urged to ensure that disciplinary action is instituted against the erring officers. Your Committee will await a progress report on the matter.

f) Irregular Payment of Loading and Off-loading allowances - K5,840

The Controlling Officer acknowledged that these payments were erroneously paid to the officers and deductions had since been effected on seven officers in amounts totalling to K4,200 leaving a balance of K1,640. One of the two remaining officers yet to have their deductions effected had been transferred to the Drug Enforcement Commission (DEC); as such, the director PMEC had been written to assist with the deductions in amounts totalling to K500. Attached was the authority granted to institute the recoveries.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Provincial Administration to follow the provisions of the Terms and Conditions of Service for the Public Service and urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers without any further delay.
and that the outstanding amounts are recovered. Your Committee awaits a progress report on the matter.

g) Construction of a Police Post at Ntantumbila - Nakonde District Administration

The Controlling Officer stated that the works could not be completed due to insufficient funds. The work done was what the available funds could accomplish. Therefore, the remaining works would only be completed once the funds were available.

Committee’s Observations and Recommendations

Your Committee is concerned at the increasing number of incomplete or delayed projects in the Province on account of – inadequate funding and urges the Secretary to the Treasury to make adequate provision for such projects in order to avoid locking public resources into incomplete projects. Your Committee awaits a progress report on the matter.

OFFICE OF THE PRESIDENT - MUCHINGA PROVINCE

AUDIT QUERY

PROGRAMME : Rural Roads Unit (RRU)
ACTIVITY : Various

Accounting and Other Irregularities

62. An examination of accounting and other records maintained at the Provincial Administration and at Rural Roads Unit (RRU) and a physical inspection of selected projects and equipment carried out during the period from February to October, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Failure to Insure Equipment - K4,893,802

The Controlling Officer stated that quotations were obtained for all the heavy duty equipment to be insured by Goldman Insurance which came up to K23,000,000 against the budget provision of K450,000 for 2014. Therefore, a commitment was made to offset the said amount through supplementary funding from the treasury in 2015. However, the response however was not positive. The department had since been transferred to Zambia National Service (ZNS) who would take care of all assets and liabilities.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by management to incorporate the cost of insurance when procuring the equipment, which should be done henceforth. Your Committee awaits a progress report on the matter.

b) Construction and Rehabilitation of Feeder Roads

The Controlling Officer stated that funds released for construction and rehabilitation were released according to constituencies and not according to the specific projects. Your Committee was informed that out of the amount of K18,809,991 budgeted for projects in the 2014 budget, only K5,881,016 was released, leaving a balance of K12,918,975. In addition, the funds were released late in 2014 with the last funding being on 5th December 2015; hence most of the works were completed in 2015. The Controlling Officer submitted that it was therefore, true that the funds available in 2014 were K11,712,482 and most of the works were done and the expenditure was as
per Statement “C” referred to by the auditors. However, the remaining works could not be completed due to underfunding of K12,921,975.

Committee’s Observations and Recommendations

Your Committee expresses concern that various works have remained outstanding and urges the Controlling Officer to ensure that funding to these roads is secured. Further, your Committee implores the Controlling officer to ensure that the projects are expeditiously completed. A progress report would be awaited by your Committee.

OFFICE OF THE PRESIDENT - MUCHINGA PROVINCE

AUDIT QUERY

PARAGRAPH 63

PROGRAMME : General Deposit Account (GDA)
ACTIVITY : Various

Accounting and Other Irregularities

63. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out during the period from February to May, 2015, revealed several weaknesses to which the Controlling Officer responded as set out below.

a) Failure to Implement Funded Projects - K1,957,900

1. Access Roads

Regarding the access roads, the Controlling Officer confirmed that out of K429,359 that had not been spent, a total of K243,800 had been utilised on the roads leaving a balance of K185,559 and works were still in progress. The work involved using manual labour to clear new access roads. Also the late response from the ministry responsible to authorise the demarcation and planning of plots by the council delayed the construction of access roads. On the chiefs palaces, the Controlling Officer confirmed that K1,228,541 was received from the Ministry of Chiefs and Traditional Affairs. As of 17th December 2015 a total of K 584,370.71 had been spent on the supply of materials and monitoring leaving a balance of K 644,169.29. He stated that the delay was caused by the late release of the guidelines on the modalities of implementing the programme by the Ministry of Chiefs and Traditional Affairs. The guidelines were only received on 28th October, 2014 and were ready for verification. With regard to the meteorological offices, your Committee was informed that as of 17th December 2015, amounts totalling to K 137,030 and K 131,755.5 had since been spent on the Mpika and Isoka Projects respectively with a balance to be paid when retention fell due. However, the works had since been completed awaiting handover to the client department.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that supervision of the works is enhanced and the works expeditiously completed in order for the beneficiary communities to begin to enjoy the facilities. All relevant documentation should be submitted for audit verification. Your Committee resolves to await a progress report.

b) Questionable Cash Borrowing - State Funeral - K26,150

The Controlling Officer stated that funding for the state funeral was credited to the account four days after the funeral proceedings had started and the sum of K26,150 was spent toward the state funeral. However, management only collected food stuffs from the suppliers and the receipts relating to
K14,600 were reconciled and resolved. The receipts amounting to K11,550 were now ready for audit verification.

**Committee’s Observations and Recommendations**

Your Committee strongly cautions the Controlling Officer against borrowing funds without obtaining authority from the Secretary to the Treasury. The matter is, however, recommended for closure subject to audit verification.

c) **Drilling of Boreholes in Kaozi Resettlement Scheme**

The Controlling Officer stated that initially the geophysical survey indicated that water was going to be found at 50m depth, however, it was discovered that water could only be found deeper than 50m. This now required the boreholes to be equipped with industrial cylinders not with domestic cylinders. As such, the domestic cylinders would be replaced with the industrial ones once funds were made available in the 2016 budget provision.

**Committee’s Observations and Recommendations**

The Controlling Officer is urged to ensure that funds were secured and the domestic cylinders replaced so that the intended beneficiaries can enjoy the facility. A progress report on the matter will be awaited by your Committee.

d) **Construction of Chinsali Sports Complex**

The Controlling Officer stated that the scope of works for the access road included road formation, grading, graveling, leveling and compaction which had since been done. As for the actual construction, the scope of works only involved clearing and not gravelling and compacting as observed by the Auditors. The cleared site was meant for the actual construction of the sports facility scheduled for phase II of the project.

**Committee’s Observations and Recommendations**

The matter is recommended for closure as it had been verified by the Office of the Auditor General.

e) **Unsupported Payments - K351,475**

The Controlling Officer stated that payment in amounts totalling K351,475.29 had since been supported with necessary documentations such as cash sales and invoices. These were now available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the lackadaisical attitude exhibited by the Controlling Officer in the management of public funds and directed him to take disciplinary action against the officers who failed to avail these documents to the Auditors during the audit. The matter was, however, recommended for closure subject to audit verification.

f) **Unaccounted for Fuel - K12,509**

The Controlling Officer stated that fuel costing K12,509 in question had been accounted for with receipt and disposal details and these were ready for verification.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary measures against the erring officers for their laxity in failing to secure the documents and avail them to the Auditors during the audit. Your Committee will await a progress report on the matter.

g) Failure to Complete Works - Mpika Plantation

The Controlling Officer stated that out of all the outstanding works, only pruning and weeding had been done due to insufficient funds. However, the completion of fertilisation, thinning and the maintenance of boundaries would be done as soon as funds were available.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that funds are secured and the remaining works completed without further delay. A progress report on the matter will be awaited by your Committee.

OFFICE OF THE PRESIDENT - MUCHINGA PROVINCE

AUDIT QUERY

PROGRAMME : Poverty Reduction Programme (PRP)
ACTIVITY : Various

Accounting and Other Irregularities

64. An examination of records maintained at the Provincial Administration and a physical inspection of projects carried out between February and May, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Construction of a Cultural Village - Failure to Sink a Borehole

The Controlling Officer stated that the Department of Water Affairs did embark on drilling the borehole at the site but faced challenges of collapsing soil formation which made it practically impossible to do final construction of the borehole casing and the type of aquifer that did not release water to the borehole. The Water Affairs department had, therefore, recommended that the water utility company (Chambeshi Water and Sewerage Company) should supply surface water to the cultural village complex as it had proved difficult to access ground water.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.

b) Access Roads Development Project

The Controlling Officer stated that depressions and gullies were caused by rains in 2014 and the activity was budgeted for in the 2015 budget. However, the maintenance works were not carried out due to insufficient funds which came about as a result of erratic funding in the year 2015. Nonetheless, works would commence once funds were made available from the 2016 budget provision.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that funds are secured and the project completed as soon as possible. A progress report will be awaited by your Committee.
c) **Construction of Permanent Water Wells**

The Controlling Officer informed your Committee that the second well at Mulila was functional and working well and the drainage which was poorly done at Mungaga well had been worked on.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to closely supervise projects so as to avoid shoddy works. Your Committee further recommends the matter for closure subject to audit verification.

d) **Unaccounted for Fuel - Chibale Scheme - K14,314**

The Controlling Officer stated that 1430 litres of fuel was used for Kaozi Resettlement Scheme for drilling of six boreholes starting from July, 2014. The disposal details were available for verification.

**Committee’s Observations and Recommendations**

Your Committee observes that this information should have been provided to the Auditors at the time of audit. However, because of laxity on the part of the officers responsible, this query has appeared in the Auditor General’s Report. Your Committee finds this state of affairs unacceptable and call on the Controlling Officer to take disciplinary action against the officers concerned. The matter is, however, recommended for closure subject to audit verification.

e) **Failure to Undertake Funded Activities - Chinsali**

The Controlling Officer stated that at the time the funds were sent to the District Commissioner’s Account, the District Forestry Officer was not yet employed. However, this particular activity shall be carried out as the District Office was now operational.

**Committee’s Observations and Recommendations**

Your Committee resolves to await a progress report on the matter.

f) **Deepening and Equipping of a Borehole at Government Rest House - K10,653**

The Controlling Officer stated that the borehole situated at Government Rest House was drilled and equipped on 10th September, 2015 with Indian Mark II hand pump and was currently in use.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

g) **Misapplication of Funds - K7,929**

The Controlling Officer stated that the officers were erroneously paid from the PRP account and the funds had since been refunded back to the PRP Account.

**Committee’s Observations and Recommendations**

Your Committee recommends that the matter be closed subject to audit verification.
 **h) Contract for the Supply of One Set of Drilling Rig with Accessories**

The Controlling Officer stated that the drilling rig was fully serviced and handed over through a memo dated 2nd October, 2015. The issue had been adequately dealt with and all relevant information concerning the same was available for audit verification and the rig was working well.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure as it has been verified by the Office of the Auditor General.

**MINISTRY OF AGRICULTURE AND LIVESTOCK**

**AUDIT QUERY**

| PROGRAMMES | Various |
| ACTIVITIES | Various |

**Accounting and Other Irregularities**

65. An examination of accounting and other records maintained at the Ministry Headquarters, Department of Fisheries, Seed Control Certification Institute (SCCI) and the Zambia Agriculture Research Institute (ZARI) and physical inspections of selected projects carried out during the period from January to May, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

**a) Irregular Payment of Fuel Allowance - K75,642**

The Controlling Officer submitted that during the implementation of the job evaluation and regrading, some jobs entitled to receive fuel allowance were downgraded to salary scales, and were therefore, no longer being entitled to receive fuel allowance. However, according to the PSMD Circular No. B22 of 2013 dated 30th August 2013, paragraph (b) provided that, officers in salary grades I to K shall be entitled to transport allowance to be paid through the payroll at the rate of 10 percent of monthly basic salary. Serving officers who were placed in grades that were not eligible for fuel allowance in the revised grade structures, but who were previously in receipt of the allowance shall continue to receive the allowance on or after 1st September, 2013. In view of the foregoing, the pay slips before and after the implementation of the JERG for all the four officers involved were submitted for audit verification.

**Committee’s Observations and Recommendations**

Your Committee closes the matter.

**b) Unvouched Expenditure - K4,223,022**

The Controlling Officer informed your Committee that the two missing payment vouchers had since been located and were available for audit verification. With regard to the inadequately supported vouchers (Loans and Advances), your Committee was informed that the documents were presented to the auditors and were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee emphasises the need to maintain proper records at all times so that any necessary documents are provided to the Auditors during the audit process. Your Committee resolves to close the matter subject to verification.
c) **Unretired Accountable Imprest - K1,654,034**

The Controlling Officer submitted that out of the imprest amounting to K1,654,034, imprest amounting to K595,745.18 paid to seventeen officers had since been retired, leaving the balance of K466,149.56 which was being recovered from the officers’ salaries starting in the month of February, 2016.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that it has taken so long for the recoveries to be effected, contrary to the provisions of Financial Regulation No 96. In this regard, the Controlling Officer is urged to be firm in dealing with officers who willfully flout Financial Regulations and take immediate disciplinary action against such erring officers. A progress report on the outstanding amount is awaited by your Committee.

d) **Irregular Use of Accountable Imprest to Procure Goods and Services - K781,838**

The Controlling Officer submitted before your Committee that the use of imprest was necessitated owing to the urgent nature of the requirement for stationery. These purchases were of small amounts purchased at different times and this was mostly when conducting workshops and conferences at short notice. Further, fuel was accounted for by each department and receipt and disposal details were available and presented to the Auditors. Furthermore, third party evidence from the various filling Stations was also available and the departments had implemented the use of Tom Cards when drawing fuel.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that Financial Regulations and procurement guidelines are followed by all the officers in the Ministry. In this regard, your Committee urges the Controlling Officer to take disciplinary action against erring officers. Your Committee recommends that the matter be closed subject to audit verification.

e) **Camp Demarcations Expenses**

The Controlling Officer submitted the K25,200 over paid to the officers was being recovered from them. Additionally, the officer who was coordinating the camp demarcation was charged and recoveries for the K150,900 had commenced. The Charge letter was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to report this fraud to law enforcement agencies. It observes with great concern that the officer in question is only charged administratively and not relieved of his/her duties for this unacceptable conduct. In this regard, the Controlling Officer is urged to recommend the officer for dismissal and report the matter to investigative wings for further probing without any further delay. A progress report is awaited by your Committee.

f) **Over Payment of Daily Subsistence Allowance - K168,260**

The Controlling Officer submitted before your Committee that the amounts over paid were being recovered effective December, 2015. The pay slips were made available for audit verification.
Committee’s Observations and Recommendations

Your Committee observes that the officers who processed the payment were negligent and have put Government resources at risk. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against them. A progress report is awaited on the matter.

g) Payment of Allowances to Officers who did not Undertake Trips - K9,913,469

The Controlling Officer informed your Committee that the correct position was that K8,876,883.75 was paid out as imprest and not K9, 913,469.19 paid to various officers to carry out various activities. He explained that imprest amounting to K8, 619,482.36 was for officers who actually undertook the trips and evidence (Reports and acquittals) were available to show that they did undertake the assignments. However, the seven Officers that did not undertake the trips due to other commitments had either refunded the money in cash or the money was being recovered from their salaries. Your Committee was informed that documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee observes that the failure to prepare timely reports is a recipe of weak monitoring controls in the Ministry and urges the Controlling Officer to strengthen internal controls and institute disciplinary action against the erring officers for this irregularity. A progress report on the outstanding recoveries is awaited by your Committee.

h) Irregular Payment of Sitting Allowances - K125,880

The Controlling Officer informed your Committee that Section 14 and 16 of the Public Procurement Act (PPA) of 2008, provided for the establishments of Procurement Committees and the appointment of members to sit on these Committees. According to the PPA, the Ministry Procurement Committee was a Statutory Committee which was established under the Act. To the best of the Ministry’s knowledge, there had not been a statutory instrument to remove the Ministry Procurement Committee from being a statutory committee. Based on this understanding, the Ministry continued paying sitting allowances to its members in accordance with the Act. Cabinet Circular minute of 2013 dated 27th December, 2013 and a copy of the Act were available for audit verification.

Committee’s Observations and Recommendations

Your Committee recommends that the matter be closed subject to verification.

i) Irregular Payment of Out-of-Pocket Allowances

The Controlling Officer submitted before your Committee that recoveries were instituted from six officers during the October and November, 2015 salaries and the pay slips were available for audit verification. Further, five officers paid back in cash and the inputs for the recoveries of the remaining seventeen officers had been done and would commence during the month of February, 2016. The documents were made available for verification.

Committee’s Observations and Recommendations

Your Committee strongly urges the Controlling officer to institute disciplinary measures against the officers who authorised the irregular payments. Your Committee further directs that all relevant documentation on this query be submitted for audit verification and resolves to await a progress report on the recoveries from the remaining seventeen officers.
j) **Unaccounted for Stores - K1,117,124**

The Controlling Officer informed your Committee that out of the balance of K482,086 for general stores, an amount totalling K258,291.17 had since been accounted for and the documents were available for audit verification. Further, receipt and disposal details as well as third party evidence from various filling stations for fuel amounting to K635,038 were also available for audit verification. Your Committee was informed that the Ministry was still following up on the balance of K223,794.83 on general stores.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail stores details to the Auditors at the time of the audit. The Controlling Officer is therefore, urged to take disciplinary action against the erring officers and the Committee awaits a progress report on the outstanding balance of K223,794.83 on general stores.

k) **Failure by Grant Aided Institutions to Submit Expenditure Returns - K84,984,105**

The Controlling Officer submitted before your Committee that grant aided Institutions were funded directly by the Ministry of Finance. Therefore, despite the fact that they fell under the Ministry of Agriculture, the grant aided institutions were mandated to submit expenditure returns directly to the Ministry of Finance in order to account for the resources received. However, they had been requested to be submitting copies of expenditure returns to the Ministry of Agriculture.

**Committee’s Observations and Recommendations**

In noting the submission, your Committee urges the Controlling Officer to impress upon officers at the Ministry provide such information to the Auditors during the audit. The matter is therefore, recommended for closure subject to audit verification.

l) **Mwase Dam – Wasteful Expenditure**

The Controlling Office submitted before your Committee that the contractor had moved on site and had rectified the problem at his own cost. The Ministry sent an Engineer from the Technical Services Branch to monitor and supervise the works to avoid recurrence of the Dam collapsing and a report had since been produced and was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee recommends that the matter be closed subject to audit verification.

**MINISTRY OF AGRICULTURE AND LIVESTOCK**

**AUDIT QUERY**

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**Accounting and Other Irregularities**

66. An examination of accounting and other records maintained at the Provincial Agriculture Coordinating Offices (PACOs), District Agriculture Coordinating Offices (DACOs), agricultural training institutions, state ranches and physical inspections of selected projects carried out during the period from May to September, 2015, revealed several weaknesses to which the Controlling Officer responded as set out
a) Missing Payment Vouchers - K232,129

Mongu DACO

Your Committee was informed that the three payment vouchers in amounts totalling K4,270.00 were not availed for audit because they were misplaced, however, the vouchers were found after the audit but were not verified by the Office of the Auditor General because of the late submission. Nonetheless, the District Accountant had been written to and warned against sub-standard performance.

Limulunga DACO

Your Committee was informed that the six payment vouchers in amounts totalling K13,520.00 were not availed for audit at the time of audit because they were misplaced. However, the audit, vouchers were found but were not verified by the Office of the Auditor General due to the late submission. Your Committee was informed that the District Accountant had been written to and warned against sub-standard performance. Your Committee also learnt that the Accountant was the same one also handling Mongu District. With regard to Kanchindu Ranch, the Controlling Officer submitted that all the twenty two missing payment vouchers amounting to 92,657 had been located and were available for audit verification.

Vubwi

Your Committee was informed that the missing payment vouchers were as a result of the then District Accountant who was involved in fraudulent activities. Your Committee was informed that when this was discovered, the District Accountant ran away without an official handover and after checking in his/her Office it was established that a number of payment vouchers were missing and could not be located and no one knew where to find them. The vouchers had not been traced to date. Nonetheless, the Accountant had been arrested, taken to court and convicted. He was currently serving his sentence and the court warrant was availed for audit verification.

Committee’s Observations and Recommendations

Your Committee observes that it is a weakness on the part of the Controlling Officer to fail to institute strong control measures to avoid these anomalies. In this vein, your Committee urges the Controlling Officer to ensure that stringent controls are put in place in accordance with the Financial Regulations. Further, your Committee strongly urges the Controlling Officer to ensure that all missing payment vouchers at Mongu and Limulunga are submitted for audit verification. Your Committee resolves to await a progress report on the matter. In the case of Vubwi, your Committee requests the Auditor General to verify the matter, subsequent to which it should close.

b) Unsupported Payments - K884,788

The Controlling Officer submitted that the supporting documents at Mongu DACO and Limulunga DACO not attached to the payment vouchers had since been attached. However, they could not be verified by the Office of the Auditor due to the late response. The District Accountants had been written to and warned against sub-standard performance. Regarding Choma DACO, your Committee was informed that there were no supporting documents for the expenditure amounting to K2,500. The Controlling Officer submitted that the office regretted that quotations for the payments of the rehabilitation works were not obtained. However, management would ensure that in future, payments were supported with relevant documents. With regard to Kazungula DACO, Lusaka PACO and Luangwa DACO, the payment vouchers had since been attached and the documents were available.
for audit verification. Furthermore, the payment vouchers at Rufunsa DACO were now supported with the relevant contract documents, stores disposal details and authorities and these were available for audit verification.

Regarding Shibuyunji DACO, your Committee learnt that the records available at the district indicated that the payment cited in the audit report was not made or processed at the district. Further, the Controlling Officer submitted that the payment of K800 for lunch allowances at Mufurila DACO had since been adequately supported and the supporting documents were available for audit verification. In addition, all the payments at ZARI Mufurila and Mpika College had been adequately supported and were available for audit verification.

Committee’s Observations and Recommendations

Your Committee observes that the failure to produce documents at the time of audit is a very serious and costly omission in that the Office of the Auditor General would have to undertake further visits to verify the traced documents. Your Committee, therefore, urges the Controlling Officer to ensure that measures are put in place to rectify the situation. The Controlling Officer is further urged to take disciplinary action against the officers who misplaced the documents or failed to file them properly, as the case may be. Your Committee recommends that the matter be closed subject to audit verification.

c) Misapplication of Funds - K427,598

The Controlling Officer submitted that money meant for another program at the Mongu PACO was used for the Jubilee celebration because there were no funds for the Jubilee celebrations. This decision was made by management as it was a national event. Regarding Nalolo DACO, your Committee was informed that the query was dropped during audit verification. With regard to the Kabwe PACO, your Committee was informed that the Province had no budget line for public events. Therefore, the variation of funds was necessitated by the nature of the public event (Women’s Day).

The Controlling Officer further submitted that authority was granted to vary the funds at the Ndola PACO and the said authority was available for audit verification. Further, funds had since been paid back at the Choma PACO and details for each transaction are were available for audit verification. Furthermore, your Committee was informed that the misapplication of funds at the Choma DACO totaling K7,882 was due to the payment of wages to general workers who were not on the payroll. In addition, the misapplication of funds totaling K10,740 at the Livingstone DACO was also due to the payment of wages to general workers who were not on the payroll. Your Committee further learnt that the misapplication of funds totaling K20,800 at the Kazungula DACO was due to the collection and dissemination of information by NAIS to the farmers. Additionally, the Controlling Officer submitted that the misapplication of funds totaling K21,730 at Kanchindu State Ranch was due to an urgent need for a scale for weighing goats. In view of the foregoing, the Ministry had sensitised the concerned offices on the need to follow Financial Regulations.

Committee’s Observations and Recommendations

Your Committee wishes to remind the Controlling Officer that neither he nor his officers in the provinces and districts have authority to vary funds unilaterally. This is the reason why there is a laid down procedure in the Financial Regulations for variation of funds. In light of this, your Committee recommends that the Controlling Officer to institute disciplinary measures against all officers who facilitated this misapplication of funds. Further, your Committee directs the Controlling Officer to ensure that all funds are reimbursed without further delay applied on the approved and budgeted activities. Your Committee awaits a progress report on the matter.
d) **Unretired Accountable Imprest - K149,358**

The Controlling Officer submitted that the imprests relating to the Limulunga, Mwandi, Seseke, Luangwa and Rufunsa DACOs offices had since been retired and the supporting documents were available for audit verification.

With regard to the Seseke DACO, your Committee was informed that imprest totalling K3,930 was being recovered from the officer involved. Regarding the Lundazi DACO, the Controlling Officer submitted that the delay in retiring imprest was due to the illness of the officer who eventually passed on. However, the office managed to trace the retirement voucher and it was ready for audit verifications. Your Committee was further informed that the amount totalling K3,200 at the Petauke DACO was being recovered from the officer’s salary. Additionally, imprest amounting to K30,109 at the Mpika College had been retired, leaving a balance of K12,985. The management at Mpika College had been tasked to ensure that the balance was accounted for.

**Committee’s Observations and Recommendations**

Your Committee is concerned that despite the Ministry having a fully fledged Accounting Unit in place; the administration of imprest remains poor. Your Committee directs the Controlling Officer to institute disciplinary against all the officers who failed to retire imprest in accordance with the Financial Regulations and all outstanding amounts should be recovered without further delay. Further, all documents relating to the imprest that has since been retired or recovered should be submitted for verification. A progress report on the matter is awaited by your Committee.

e) **Failure to Provide Monitoring Reports - Mpika College of Agriculture - K17,335**

The Controlling Officer submitted before your Committee that the matter had since been dropped by the Provincial Auditors after verification and the status report was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter.

f) **Questionable Retirement of Imprest – K87,607**

The Controlling officer informed your Committee that the amount in question for the Seseke and Mulobezi DACOs Offices DACO had been paid back and the officers had been cautioned. Further, the officers at the Choma DACO had not attached the log sheet at the time of auditing. However, the log sheet had currently been photocopied and attached to the claim forms. Furthermore, the imprest in relation to the Livingstone DACO was as a result of an oversight on the budget breakdown, which was later identified after the payment had already been approved at the bank, resulting in an underpayment of DSA. However, the officer concerned had acknowledged and accepted the position in that it was already the end of the year, hence he could not claim the underpayment. Your Committee also learnt that all the log books and other supporting documents for the Kazungula DACO were available for audit verifications. Additionally, the third party evidence from the filling station at the Kanchindu State Ranch was also available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee finds the explanation by the Controlling Officer totally unsatisfactory and unacceptable and is of the view that these questionable retirements of imprest may be used to conceal serious malpractices or even fraud. In this regard, your Committee directs the Controlling Officer to ensure that the recoveries are effected for all the outstanding imprest and that the matter
should be reported to the investigative wings for a comprehensive probe and further appropriate action. A progress report is awaited by your Committee.

g) **Questionable Claim of Subsistence Allowances - K35,425**

The Controlling Officer submitted that for Luampa DACO, the amount of K600 was being recovered from the concerned officers through the payroll. He further informed your Committee that amounts totalling K31,475 at the Ikelenge DACO were claimed as subsistence allowances for official duties out of the station. Transportation costs were in form of GRZ vehicles and the log books were available for verification. Your Committee was further informed that amounts totalling K3,350 at the Manyinga DACO were claimed as subsistence allowance for official duties out of the station. Transportation costs were also in form of GRZ vehicles and the log books were available for verification.

**Committee’s Observations and Recommendations**

Your Committee wonders why these explanations were not given to the Auditors at the time of audit. In this vein, it is your Committee’s considered view that some of these transactions may border on fraud. In this regard, your Committee urges the Controlling Officer to take disciplinary action against the erring officers for submitting irregular claims and recoveries should be effected for all questionable claims of subsistence allowances immediately. Further, where necessary, the matters should be reported to the investigative wings for further probe and appropriate action. Your Committee resolves to await a progress report on the matter.

h) **Questionable Payment for Assessment Survey – Sesheke DACO - K10,598**

The Controlling Officer informed your Committee that officers were paid from Sesheke because the trip was in connection with the Kanyimba Dam and the funds for Kanyimba Dam were in the Sesheke account before Mulobezi was declared a district. In this regard, the letters of authority were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against all officers who failed to avail the relevant letters to the Auditors during the time of audit. The matter is, however recommended for closure subject to audit verification.

i) **Irregular Use of Imprest to Procure Goods and Services - K18,705**

The Controlling Officer submitted that imprest was used to procure items due to the fact that there were some goods whose value was difficult to ascertain at that time. However, measures had been taken to ensure that the correct procedures were followed in future by using the services of the Procurement Officer.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable for the Controlling Officer to justify irregularities in the Ministry that could result in the loss of public funds. In this vein, your Committee urges the Controlling Officer to institute disciplinary action against all officers who authorised the use of imprest in this manner. Further, the Controlling Officer is directed to ensure that imprest in the Ministry is strictly issued and utilised in accordance with the provisions of the Financial Regulations henceforth. The matter is recommended for closure subject to audit verification.
j) Irregular Payment of Subsistence Allowances - K3,200

The Controlling Officer submitted that most of the officers who were employed during the period in question at the Nkeyema DACO were new and therefore, needed to be oriented on how to make claims, what to claim for and how to fill claim forms. However, corrections were made to the claims as required for the actual nights that they were entitled to as officers reporting on first appointment. Regarding the Chinsali DACO, your Committee was informed that the erring officer had since been cautioned to follow procurement procedure.

Committee’s Observations and Recommendations

In the case of Nkeyema DACO, your Committee is disappointed and finds it unacceptable that the Controlling Officers justifies the irregularities on account of the officers being new. Your Committee is of the view that the Controlling Officer has a duty to ensure that newly recruited officers are fully oriented before they can be assigned to their various stations. Further, the Controlling Officer ought to ensure that newly established stations are closely supervised and assisted to set up proper functioning systems in order to avoid irregularities such as this one. Your Committee, however, recommends the matter for closure subject to verification. In the case of Chinsali, your Committee recommends that apart from the institution of recoveries, the officers who authorised the payments be subjected to disciplinary action without further delay. A progress report is awaited by your Committee.

k) Irregular Payment of Sitting Allowances – Chama DACO - K5,700

The Controlling Officer submitted that Section 14 and 16 of the Public Procurement Act (PPA) of 2008 provided for the establishments of the Procurement Committees and the appointment of members to sit on your Committees. According to PPA, the Ministry Procurement Committee was a Statutory Committee which was established under the Act.

Your Committee was further informed that, to the best of the knowledge of the Ministry, there has not been a statutory instrument to remove the Ministry Procurement Committee from being a statutory committee. Based on this understanding, the Ministry continued to pay sitting allowances to its members in accordance with the Act.

Committee’s Observations and Recommendations

Your Committee notes and closes the matter subject to verification.

l) Unacquitted Allowances – Petauke DACO - K7,180

The Controlling Officer informed your Committee that recoveries had since been instituted so that the whole amount was recovered from the concerned officers and the pay slips were ready for audit verifications.

Committee’s Observations and Recommendations

Your Committee observes that the failure by the officers to follow the laid down Financial Regulations is unacceptable and the Controlling Officer should institute measures to avoid recurrence of the omission. A progress report is awaited by your Committee on the recovery of the whole amount.

m) Failure to Remit NAPSA Contributions - K20,910

The Controlling Officer assured your Committee that once RDCs were received, NAPSA would be prioritised for payment.
Committee’s Observations and Recommendations

Your Committee strongly cautions the Controlling Officer against failure to remit statutory obligations which have been deducted from employees’ emoluments. He is reminded that failure to remit the statutory contributions in question denies NAPSA the opportunity to invest the contributions and attracts penalties, which will further reduce the amounts available for implementation of Government programmes. In this regard, the Controlling Officer is directed to take disciplinary action against officers responsible for non-remittance of NAPSA contributions and ensure that all outstanding NAPSA contributions are deducted and remitted to NAPSA as soon as funds are available. Further, there should be no delays henceforth in remitting the contributions. A progress report is awaited by your Committee.

n) Failure to Adhere to Procurement Guidelines

The Controlling Officer informed your Committee that after the verification by the provincial auditors of the audit, evidence was provided by the Mpika College and the matter was resolved. The status report was available for audit verification. Regarding Kawambwa, your Committee was informed that the matter was resolved after audit verification by the Provincial Auditors.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter.

o) Unaccounted for Stores and Fuel - K1,998,807

The Controlling Officer submitted as follows:

- **Mongu PACO** - stores items for amounts totalling K9,120 had since been updated and were available for audit verification. Further, the fuel books in amounts totalling K11,379 had been updated and were available for verification;

- **Mongu DACO** - the stores items in amounts totalling K24,620 had since been updated and were available for audit verification as well as the fuel books in amounts totalling K26,900;

- **Limulunga DACO** – the stores items in amounts totalling K17,048 had since been updated and were available for audit verification and fuel books in amounts totalling K39,722 had also been updated and were available for audit verification;

- **Mwandi DACO** - your Committee was informed that the stores items in amounts totalling K12,804 had been updated and were available for audit verification;

- **Sesheke DACO** - stores books in amounts totalling K12,838 had since been updated and were available for audit verification;

- **Mulobezi DACO** - the stores items in amounts totalling K45,393 had since been updated and are available for audit verification.

- **Lusaka PACO** - the stores items amounting to K99,865.00 were properly disposed of in line with the stores regulations. In this regard, the goods received, issued vouchers and stores ledgers were available for inspection. Further, the fuel cited in the audit report was disposed of in line with the public stores regulations and the supporting fuel ledgers, coupons and fuel statements from the service station were available for inspection;
• **Luangwa DACO** - the stores items amounting to K4,268 were properly disposed of. The goods received, issued vouchers, distribution (disposal) list and stores ledgers are available for inspection;

• **Rufunsa DACO** - the stores items amounting to K4,260 were properly disposed of and the goods received, issued vouchers and stores ledgers were available for inspection. The fuel worth K 5,000 was not properly supported with the relevant disposal details at the time of the audit inspection. The fuel amounting to K12,000 had since been supported with the fuel legers, coupons and fuel statements from the service station. The disposal details were available for inspection;

• **Mufulira DACO** - the disposal details for fuel were currently available for audit verification;

• **Chingola** - the disposal details for fuel and stores were currently available for audit verification;

• **Chililabombwe** - The fuel receipt and disposal details were now available for audit verification. Further, the disposal details for stores were also available for audit verification;

• **ZARI Mufulira** - the fuel receipt and disposal details as well as the disposal details for stores were currently available for audit verification;

• **Manyinga DACO** - the receipt and disposal details had been prepared and were available for audit verification;

• **Mwinilunga DACO** - the receipt and disposal details had been prepared and were available for audit verification;

• **Ikelenge DACO** - the receipt and disposal details had been prepared and were available for audit verification;

• **Chipata PACO** - the fuel amounting to K4,000 was not recorded contrary to the Public Stores Regulation No 16. Your Committee was informed that this fuel was bought by SCCI and had since been recorded in the fuel ledger and records were ready for your verification;

• **Petauke DACO** - the fuel amounting to K26,592 was not recorded at the time of audit. All the fuel had since been recorded in the fuel ledger and it was ready for verification;

• **Mpika ZCA** - the receipt and disposal details for stores and fuel were available for audit verification;

• **Choma PACO** - fuel amounting to K3,003 had been accounted for and the documents were available for audit verification;

• **Kazungula PACO** - documentation was available for audit verification; and

• **Kanchindu State Ranch** - all stores items had since been accounted for and records were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the records were not well kept and, therefore, could not be made available during the audit. The failure to maintain proper records may be a conduit for fraud, which could result in loss of public funds or other resources. In this vein, your Committee urges the Controlling Officer to take disciplinary action against the officers who failed to maintain and avail these records to the Auditors. Your Committee further directs that henceforth, all receipt and
disposal details relating to various stores items should be properly recorded as required by the Public Stores Regulation No. 16. Your Committee resolves to close the matter.

p) Irregular Payment of Fuel – Mpulungu DACO - K5,725

The Controlling Officer submitted that the recoveries for the amount of K5,725 refunded to the officer had been instituted.

Committee’s Observations and Recommendations

Your Committee is seriously concerned that despite these fuel refunds being cited as irregular in the Auditor General’s Report on the accounts for the 2013 financial year, the practice has continued unabated and with impunity. In particular, your Committee is disappointed at the lack of firm action by the Controlling officer and calls for a thorough investigation to be instituted into this matter immediately, followed by appropriate action in accordance with the law. Meanwhile, your Committee directs that disciplinary action be taken against the officer involved in these repeated irregularities. Your Committee awaits a progress report on the matter.

q) Failure to Insure Government Assets

i) Motor vehicles - Sesheke DACO - K450,000

The Controlling Officer informed your Committee that the two vehicles were not insured due to erratic funding.

Committee’s Observations and Recommendations

Your Committee notes the response and implores the Controlling Officer to mobilise the necessary resources to meet the insurance costs without further delay. Further, your Committee directs that appropriate budgetary provisions should routinely be made for insurance of Government assets henceforth. A progress report is awaited by your Committee.

ii) Office Equipment and Furniture - K67,376

The Controlling Officer submitted before your Committee that the failure to insure the assets at Luangwa, Chongwe, Shibuyunji, Rufunsua and Choma DACOs was due to the absence of the budget allocation in the approved budget for 2014. However, provisions had been made in the budget estimates for 2016 to cover the insurance of office equipment and furniture.

Committee’s Observations and Recommendations

Your Committee observes with concern that failure to insure these assets could result in the loss of these items thorough thefts and accidents and consequently, loss of public funds. In this regard, your Committee urges the Controlling Officer to ensure that the assets are insured once funds are made available and to make appropriate budgetary provisions routinely for insurance of Government assets henceforth. Your Committee awaits a progress report on the matter.

iii) Animals - Mukulaikwa State Ranch

The Controlling Officer informed your Committee that the animals had since been insured.

Committee’s Observations and Recommendations

Your Committee recommends that the matter be closed subject to audit verification.
r) Failure to Claim Insurance on Damaged Motor Vehicle (GRZ 678 CF) – Seseke DACO - K225,655

The Controlling Officer submitted before your Committee that the claim was lodged with the insurance company and the Department was waiting for compensation. The supporting documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern that it had to take the Office of the Auditor General to query the failure to lodge the claim with the insurance company for the claim to be made. Your Committee urges the Controlling Officer to strengthen internal controls so that such omissions do not recur. Further, your Committee urges the Controlling Officer to take disciplinary action against the responsible officers for this lapse. Your Committee will await a progress report on this matter.

s) Undelivered Garmin GPS System Equipment – Choma PACO - K6,000

The Controlling Officer submitted that the two Garmin GPS systems cartographic equipment for land husbandry had been delivered and the equipment was available for audit verification.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification.

t) Non Recovery of Loans and Advances

The Controlling Officer submitted before your Committee that the recoveries at Mongu PACO were instituted from the affected officers and the documents were available for audit verification. Further, the deductions at Ndola PACO had been effected and the pay slips were available for audit verification.

Committee’s Observations and Recommendations

Your Committee is disappointed that recovery of the loans and advances recovery only commenced after the audit query. In this vein, your Committee urges the Controlling Officer to closely monitor all financial operations of Departments under his jurisdiction. Further, your Committee directs that the Controlling Officer institute disciplinary action against the officers responsible for this lapse in accordance with applicable regulations. Your Committee will await a progress report on the matter.

u) Management of Ranches

i) Mbesuma State Ranch – Chinsali DACO

• Failure to Meet Objectives

The Controlling Officer submitted before your Committee that on the issue of steers, the Ministry acknowledged that it did not train the small scale farmers on draft power, however, the ranch had five oxen for training farmers in animals draft power and the technical services branch had designed a programme to start training the farmers. Additionally, improved pasture seeds were procured for the establishment of the pasture field in December, 2012 and four hectares were cleared for the planting of pastures. Your Committee was informed that the pasture field had since been established.
Committee’s Observations and Recommendations

Your Committee notes the submission and recommends that the matter be closed subject to audit verification.

• Failure to Claim Compensation for Dead Animals
The Controlling Officer submitted before your Committee that after a postmortem, it was established that the animals died of East Coast Fever (corridor disease) and the disease was not covered under the insurance policy.

Committee’s Observations and Recommendations

Your Committee recommends that the matter be closed subject to audit verification.

ii) Unutilised Tractor - Chishinga State Ranch – Kawambwa DACO

The Controlling Officer informed your Committee that the station did not have a qualified tractor operator. In this regard, the station utilised an operator from Kawambwa. However, the station had since been planting maize.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable for the DACO to purchase equipment which cannot be utilised because the office has no one qualified to operate it. This not only shows poor planning on the part of the DACO, but also means that the expenditure on the tractor has been of no benefit to the public to date. In light of this, your Committee urges the Controlling Officer to caution the DACO for this lapse and facilitate the recruitment of a qualified tractor operator without further delay. Your Committee will await a progress report on the matter.

iii) Kalungwishi State Ranch – Mporokoso DACO

• Unaccounted for Animals
The Controlling Officer submitted that the Ministry was investigating the variance in the number of calves.

Committee’s Observations and Recommendations

Your Committee expresses concern that the DACO only discovered the shortfall because the Auditors raised the query. In this regard, your Committee urges the Controlling Officer to take stern disciplinary action against the erring officers at the DACO for their negligence of duty and ensure that the process of investigations is expedited. Your Committee resolves to await a progress report on the matter.

• Abandoned Low Cost House
The Controlling Officer submitted before your Committee that the contractor would complete the remaining works once the funds were released from the Treasury.

Committee’s Observations and Recommendations

Your Committee implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid non-completion of projects and possible wasteful expenditure. Your Committee resolves to await a progress report on the completion of the works.
iv)  **Kanchindu State Ranch – Sinazongwe DACO - Failure to Insure Animals**
The Controlling Officer submitted that animals were not insured due to the inadequate funds at the ranch. However, the animals had since been insured and the cover note was available for audit verification.

**Committee’s Observations and Recommendations**
Your Committee implores the Controlling officer to ensure that provisions are made in the annual budget for insurance of assets in order to avert possible losses. Your Committee recommends the matter for closure subject to audit verification.

v)  **Failure to Insure Animals - Kanyama Breeding Centre- Mwinilunga DACO**
The Controlling officer informed your Committee that the animals were not insured due to inadequate funds at the ranch. However, the animals had since been insured and the cover note was available for audit verification.

**Committee’s Observations and Recommendations**
Your Committee implores the Controlling officer to ensure that provisions are made in the annual budget for insurance of assets in order to avert possible losses. Your Committee recommends the matter for closure subject to audit verification.

v)  **Infrastructure Development**

i)  **Construction of Nsenga Earth Dam – Petauke District**
The Controlling Officer submitted that the Province had written twice to the contractor to get back on site but the contractor had not gone back to the site to complete the works. The letters were available for audit verification.

**Committee’s Observations and Recommendations**
Your Committee is concerned that shoddy works were certified for payment. In this vein, your Committee recommends that the matter to be reported to investigative wings for further probe into how such obviously shoddy works were certified for payment and why the contractor had not gone back to the site despite being written to. Further, your Committee directs the Controlling officer to immediately initiate legal proceedings against the contractor in accordance with the contract in an effort to recover the funds spent on this project. Your Committee resolves to await a progress report on the matter.

ii)  **Failure to Use Livestock Services Centre at Ntambu - Mwinilunga DACO**
The Controlling Officer informed your Committee that the delay in the operationalisation of the Livestock Centre was due to lack of funds to carry out the sensitisation of the farmers about the facility.

**Committee’s Observations and Recommendations**
Your Committee did not accept the reason given by the Controlling Officer as it is part of the local extension officer’s routine duties to ensure that farmers are sensitised about the new facility in the area. In this regard, your Committee urges the Controlling Officer to caution the officers responsible for failure to perform their duties. Your Committee awaits a progress report on the current status of the facility.
w) OTHER PROJECTS

WESTERN

Sesheke

Construction of an Office Block
The Controlling Officer informed your Committee that the Government had delayed to pay the contractor for the stages completed. However, the contractor had since been paid and was back on site.

Committee’s Observations and Recommendations

Your Committee implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid non-completion of projects and possible wasteful expenditure. Your Committee resolves to await a progress report on the completion of the works.

SOUTHERN

Sinazongwe

Construction of an Office Block at Kanchindu State Ranch
The Controlling Officer informed your Committee that the Ministry had since paid the outstanding amount and the contractor was back on site and currently painting the office block.

Committee’s Observations and Recommendations

Your Committee implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid non-completion of projects and possible wasteful expenditure. Your Committee resolves to await a progress report on the completion of the works.

Construction of a Medium Cost House at Kachindu Ranch

The Controlling Officer submitted before your Committee that the Ministry had paid the contractor and the contractor was back on site and was re-doing the floor. Once this was finished, the house would be painted.

Committee’s Observations and Recommendations

Your Committee implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid non-completion of projects and possible wasteful expenditure. Your Committee resolves to await a progress report on the completion of the works.

Livingstone

Construction of an Office Block at Livingstone DACO
The Controlling Officer informed your Committee that the Ministry had written to the contractor to complete the works and rectify the defects. The contractor had acknowledged and was currently on site.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the project is completed without further delay and closely supervised to ensure strict adherence to building standards and avoid sub-standard works. A progress report is awaited by your Committee.

NORTH WESTERN

Solwezi
Construction of an Artificial Insemination Satellite Center

The Controlling Officer explained that the delays were due to delays in honouring the completion certificates. The contractor had, however, applied for an extension and was still on site. The installation of the notice board, fittings of rubber door stops, curtain rails, peg stays and florescent tubes and the construction of a soakaway had since been done. Additionally, the Ministry had communicated to the contractor to replace the 50 litre geyser procured with a 100 litre geyser and to also replace the concrete covers with heavy duty iron covers.

Committee’s Observations and Recommendations

Your Committee implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid non-completion of projects and possible wasteful expenditure. Your Committee urges the Controlling Officer to ensure that the project is completed without further delay in order to give full benefits to the intended beneficiaries. The Controlling officer should also ensure that the observations made by the Auditor General regarding the geyser and septic tank covers are fully addressed. A progress report is awaited by your Committee.

Construction of a Laboratory for the Veterinary Department

The Controlling officer informed your Committee that the delay was due to the fact that the project commenced in the rainy season. However, the contractor had applied for an extension and was still on site. Works such as glazing, fitting of doors, fitting of the suspended ceiling, electrical installations, the construction of a boundary wall, borehole drilling, the erection of a tank stand and the installation of a tank had since been done.

Committee’s Observations and Recommendations

Your Committee recommends that the matter be closed subject to audit verification.

LUSAKA PROVINCE

Chongwe
Construction of Milk Shed at Kanakantapa

The Controlling Officer informed your Committee that the structure had since been painted and the doors fixed. The remaining works were the door steps which had not been properly done. The contractor was waiting for payment of funds on the certified works before completing the remaining minor works.

Committee’s Observations and Recommendations

Your Committee implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid non-completion of projects and possible wasteful expenditure. Your Committee urges the Controlling Officer to ensure that the project is completed without further delay
in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.

**Rufunsa**

**Construction of Rufunsa Livestock Breeding Centre**

The Controlling Officer informed your Committee that the house had since been plastered outside and painted. The door frames and the ceiling boards had also been fitted. With regard to the goat house, some works cited in the audit report were still outstanding. In particular, the platform was partially done while the roof that was also done half way at the time of the audit inspection had been roofed fully. The works were outstanding on account of the contractor not being paid in good time for completed works.

**Committee’s Observations and Recommendations**

Your Committee implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid non-completion of projects and possible wasteful expenditure. Your Committee urges the Controlling Officer to ensure that all outstanding works be completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.

**Shibuyunji**

**Construction of Dip Tank at Chintanga and Rehabilitation of a Dip Tank at Martin Luther King**

**Construction of Dip Tank at Chintanga**

The Controlling Officer informed your Committee that the reinforcement of the steel bars that supported the concrete casting had since been mounted in readiness for raising the walls of the dip tank.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the project is completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.

**Dip Tank at Martin Luther King**

The Controlling Officer informed your Committee that the works had advanced as follows: plastering had been done; drain race had done (though it needed some changes as it was not in a good design); the footbath had been done (but needed to be made narrower); and trusses for the roof were also in place.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the project is completed without further delay and to the requisite standard, in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.
**Construction Milk Collection Centre**

The Controlling Officer informed your Committee that the building was currently at wall plate level (roof level). The delay in the completion of the works on schedule was attributable to the contractor not being paid funds on the completed works on time.

**Committee’s Observations and Recommendations**

Your Committee implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid non-completion of projects and possible wasteful expenditure. Your Committee urges the Controlling Officer to ensure that the project is completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.

**Construction of a Dip Tank at Maano**

The Controlling Officer informed your Committee that the named dip tank was not in Shibuyunji District but in Chilanga District.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

**Luangwa**

**Construction of a Dip Tank and Rehabilitation of Administration Block at Kaunga Farmers’ Training Centre**

**Construction of a Dip Tank**

The Controlling Officer informed your Committee that the works had been attended to and were ready for physical verification. The contractor had since handed over the project (dip tank) to the office (district) for use.

**Committee’s Observations and Recommendations**

Your Committee recommends that the matter be closed subject to audit verification.

**Rehabilitation of Administration Block at Kaunga Farmers Training Centre**

The Controlling Officer submitted that the water tank had been installed. However, the other minor works cited in the audit report remained outstanding to date. The contractor was on site attending to the outstanding works on Kaunga Office Block. The delay in the completion of the works on schedule was attributable to the contractor not being paid on time for the completed works.

**Committee’s Observations and Recommendations**

Your Committee implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid non-completion of projects and possible wasteful expenditure. Your Committee urges the Controlling Officer to ensure that the project is completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.
MUCHINGA

Chama
Construction of Chama dip tank at Chama Central Camp
The Controlling Officer informed your Committee that the construction of a dip tank at Chama Central Camp stalled for some time as the contractor did not follow stages as per contract agreement after being paid mobilisation. The contractor instead started drilling the borehole and pump installations. As a result, payments for drilling works to the contractor were delayed. Eventually, the contractor was paid for the drilling works and the construction of the dip tank works resumed. Your Committee was informed that works were progressing well and were currently, at 80 per cent completion.

Committee’s Observations and Recommendations
Your Committee is disappointed that the management of the contract was poor, resulting in the contractor undertaking works outside the stipulated stages. In this vein, your Committee urges the Controlling Officer to ensure that all projects are closely supervised to ensure strict adherence to the contractual provisions. Your Committee also calls on the Controlling officer to ensure that the outstanding works are completed without further delay. A progress report is awaited by your Committee.

EASTERN

Chadiza
Rehabilitation of Khulika and Chilenga Dip Tank
The Controlling Officer informed your Committee that the contractor had been summoned by management and instructed to finish the remaining works at Khulika and Chilenga dip tanks. The contractor would only be paid the remaining amount upon completion of the works.

Committee’s Observations and Recommendations
Your Committee urges the Controlling Officer to closely supervise projects so as to avoid delays in their completion. Your Committee further urges the Controlling Officer to ensure that the project is completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.

Rehabilitation of Zingalume and Mlolo Dip Tanks

Rehabilitation of Zingalume Dip Tank
The Controlling Officer informed your Committee that the contractor had completed the works at the dip tank and was merely awaiting payment.

Committee’s Observations and Recommendations
Your Committee recommends that the matter be closed subject to audit verification.

Mlolo Dip Tank
The Controlling Officer explained that the contractor had completed the works except for the holding and draining pens, the cleaning of the bore hole and the supply and installation of the hand pump. He informed your Committee that lack of funds was delaying the works.

Committee’s Observations and Recommendations
Your Committee implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid non-completion of projects and possible wasteful expenditure. Your
Committee urges the Controlling Officer to ensure that the project is completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.

**Construction of Kapiri Mphika Dip Tank**

The Controlling officer submitted that management had since ensured that in the next claim made by the contractor, the sum to be paid would be less by K7,379, the amount wrongly paid for VAT in the first payment. Furthermore, the contractor was instructed to go back on site and speed up construction works on the project. So far 80 percent of works had been done.

**Committee’s Observations and Recommendations**

Your Committee is disappointed that VAT was included in the payment to the contractor and urges the Controlling Officer to institute disciplinary action against officers responsible for this irregular payment. Further, your Committee implores the Controlling officer to recover the amount of K7,379 from the contractor, and to ensure that the project is completed without further delay. A progress report is awaited by your Committee.

**lunzi**

**Rehabilitation of four (4) dip tanks at Kamphanda, Kathimba, Kamtomo and Kamamphina**

The Controlling Officer informed your Committee that the contractor was back on site and the following works had so far been done: mending of cracks and plastering, plumbing and waste installation and construction of handling units had all been done.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the project is completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.

**Rehabilitation of Zenekeza, Mkanile, Ngunga and Mkomba dip tanks**

The Controlling Officer informed your Committee that all the defects had been attended to and the dip tank was ready for handover.

**Committee’s Observations and Recommendations**

Your Committee recommends that the matter be closed subject to audit verification.

**Rehabilitation of Kamuzoole, Emusa, Mtwalo and Chiungwe Dip Tanks**

The Controlling Officer informed your Committee that contractor had been cautioned and had since written a commitment letter in which he had indicated 30th March, 2016 as the completion date.

**Committee’s Observations and Recommendations**

Your Committee finds the response by the Controlling Officer both unsatisfactory and unacceptable. Your Committee is of the view that the Controlling officer and all officers responsible for management of the contract have been negligent in that legal action should by now have been taken against the contractor for failure to undertake any works two years after the commencement of the contract. Your Committee further found that the selection of the contractor was not properly done as he appears not to have the capacity to undertake the project. In this vein, your Committee
recommends that the contract be cancelled for breach and appropriate damages be claimed in accordance with the contract. Further, the works should be re-advertised immediately, and an investigation into the procurement process for these works be initiated. A progress report is awaited by your Committee.

Vubwi
Construction of an Office Block at Vubwi DACO

The Controlling Officer informed your Committee that the contractor had completed the first works and the certificate had been issued. He was waiting for additional funding before resuming the works.

Committee’s Observations and Recommendations

Your Committee implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid delays or even non-completion of projects and possible wasteful expenditure. Your Committee urges the Controlling Officer to ensure that the project is completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.

Katete
Rehabilitation of Mshoka Dip Tank / Storeroom and Sinking of Borehole

The Controlling officer informed your Committee that the major works remaining was sinking of the borehole. However, the contractor had not gone back on site citing lack of funds. The contractor had been written to and he was mobilising to go on site.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that contractors are closely supervised to avoid recurrence of such irregularities. Your Committee further implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid delays or non-completion of projects and possible wasteful expenditure. Your Committee urges the Controlling Officer to ensure that the project is completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.

Rehabilitation of Kagoro Dip Tank
The Controlling officer informed your Committee that the major works remaining was sinking of the borehole. However, the contractor had not gone back on site citing lack of funds.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that contractors are closely supervised to avoid recurrence of such irregularities. Your Committee further implores the Controlling Officer to secure adequate funding before embarking on projects in order to avoid delays or non-completion of projects and possible wasteful expenditure. Your Committee urges the Controlling Officer to ensure that the project is completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.
LUAPULA

Samfya

Construction of a Dip Tank at Chitundwa Camp

The Controlling officer submitted that as of November, 2015, the dip tank had been constructed and roofed, the inner walls had been plastered and the holding pen had also been constructed. In this regard, outstanding works included the construction of side rails, drip race, foot bath, concrete, floor for the holding pen and rails for the crush pen. Your Committee was further informed that the Contractor was on site and works were in progress.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to closely supervise projects in order to avoid delays in completion. Your Committee further calls on the Controlling officer to ensure that the project is completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.

COPPERBELT

Mufulira

The Controlling Officer informed your Committee that the retention money had been withheld, pending the contractor rectifying the defects.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the rectification of defects was completed without further delay in order to give full benefits to the intended beneficiaries. A progress report is awaited by your Committee.

x) Kasaka Fisheries Training Institute – Kafue

i. Unsupported Payments - K15,455

The Controlling officer submitted that the payments had since been adequately supported and were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the officers to avail supporting documents to the Auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee resolves to await a progress report on the matter.

ii. Unaccounted for Stores - K17,088

The Controlling Officer informed your Committee that the stores items amounting to K17,088 were properly disposed of in line with stores regulations and the goods received, issued vouchers and stores ledgers were available for inspection.

Committee’s Observations and Recommendations

Your Committee questions the authenticity of the documents availed in retrospect. The Controlling Officer is urged to institute disciplinary action against all erring officers in this matter. He is also urged to ensure that receipt and disposal details of stores items are recorded in
the stores records. Your Committee recommends that the matter be closed subject to audit verification.

iii. Failure to Adhere to Procurement Guidelines - K48,300

The Controlling Officer confirmed that a total amount of K48,300 was paid to the same supplier for the purchase of foodstuffs by splitting payments in order to circumvent the procurement guidelines and this was due to unqualified staff handling procurement matters.

Committee’s Observations and Recommendations

Your Committee does not agree that the splitting of payments arose as a result of unqualified officers handling procurement matters. On the contrary, the fact that the payments were split in this manner shows that the officers were fully aware of the provisions of the Procurement Regulations. In this light, your Committee directs that all officers involved in this procurement be disciplined in accordance with the Financial Regulations and the Public Procurement Act. Further, the matter should be reported to the investigative agencies for further probe. Your Committee will await a progress report on the matter.

iv. Failure to Produce Activity Reports

The Controlling Officer informed your Committee that the reports for the activities cited by the Auditors were available for audit verification.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable for the Ministry not to avail the necessary documentation to the Auditors during the audit process and cautions the Controlling Officer to take concrete steps to curb this practice and take disciplinary action against the officers for negligence of duty. The matter is, however, recommended for closure subject to audit verification.

MINISTRY OF AGRICULTURE AND LIVESTOCK

AUDIT QUERY

Department : Provincial Agricultural Coordinating Offices (PACO)
District Agricultural Coordinating Offices (DACO)
Research Stations
Agriculture Training Institutions
Unit: Various
Programme : Personal Emoluments
Activities : Various

Accounting and Other Irregularities

67. An examination of accounting and other records carried out during the period from March to September, 2015 at the Provincial Agricultural Coordinating Offices (PACOs) and the District Coordinating Offices (DACOs) revealed weaknesses to which the Controlling Officer responded as set out below.

a) Misplacement of Officers on the Payroll - K3,044,032

The Controlling Officer submitted as follows:

• Vubwi DACO
Vubwi being a new district had no infrastructure for both office and house accommodation. In this regard, management had sent the officers to other districts where infrastructure was readily
available. As soon as the infrastructure was in place, these officers would be moved back to their respective station.

- **Chipata DACO**
  Fourteen officers were appearing on Chipata DACO instead of Katete DACO because Katete had no positions for them. The Controlling Officer assured your Committee that this would be normalised once positions were available under Katete DACO.

- **Katete DACO**
  The officer who was appearing under Katete DACO but transferred to Muchinga Province was terminated from the Katete payroll. The other positions for the two officers who were appearing under the Lundazi payroll would be normalised when positions were made available under the Lundazi DACO.

- **Solwezi PACO**
  The officers concerned were serving in the province before they were transferred out of the province. Their transfer letters were available for verification and their payrolls were being normalised.

**Committee's Observations and Recommendations**

Your Committee sternly urges the Controlling Officer to ensure that when officers are transferred, PMEC vacancies should be available in their new stations to avoid recurrence of this matter. The Controlling Officer is further urged to ensure that all staff related matters are resolved to avert recurrence of this problem. The Auditor General is advised to keep the matter in view in future audits.

b) **Drawing of Salaries on Wrong Salary Scales**

The Controlling Officer submitted before your Committee that under the Mongu DACO, one officer was drawing a wrong salary. The issue was normalized and recoveries were effected and running. Concerning Chinsali PACO, all the matters related to six officers had been resolved. Regarding Kasama PACO the controlling Officer submitted that the six officers involved were veterinary officers and this was as a result of the implementation of the JERG. The matter was being rectified by PSMD.

**Committee's Observations and Recommendations**

Your Committee finds it unacceptable that salaries in amounts totalling K410,404 are drawn on wrong salary scales resulting in overpayments of K137,049. In this regard, the Controlling Officer is urged to always ensure that officers are placed on right salary scales to avoid the possible loss of public funds. He is further urged to institute disciplinary action against the erring officers and furthermore that the overpayments are recovered without any further delay. Your Committee resolves to await a progress report on the matter.

c) **Irregular Payment of Salaries to Separated Employees – Sesheke DACO**

The Controlling Officer informed your Committee that the officers continued to receive salaries because separation letters from the PSMD were received late. The officers had since been terminated from the payroll and the overpayment would be recovered from their terminal benefits.

**Committee's Observations and Recommendations**

The Controlling Officer is urged to ensure that when such matters arise, responsible officers liaise with PSMD to ensure that the letters are written promptly to avert recurrence of this matter.
further urged to ensure that casualty forms for the separated officers are done and recoveries made
without further delay. Your Committee resolves to await a progress report.

d) Irregular Payment of Rural and Remote Hardship Allowances - K280,658

The Controlling Officer submitted before your Committee that officers at the Mongu and Kaoma
DACO offices were transferred without making changes on the Payroll. However, the Officers had
been moved on the Payroll to stations where they currently were and recoveries had been effected
through the payroll.

Regarding the Vubwi DACO your Committee was informed that the five officers were receiving
rural hardship allowance for Vubwi DACO because these had been moved temporarily to other
stations due to lack of infrastructure and would be moved back to the stations once the infrastructure
was completed. Further, Officers appearing under Katete DACO on the payroll were attached to
Katete College of Agriculture and Marketing which did not have payroll structures.

Your Committee was further informed that rural hardship allowance at the Lusaka, Chongwe and
Kafue DACO offices were paid on account that the officers cited in the audit report was sitting on
the payroll (position ID) that attracted (require) the payment of the allowance. This move arose due
to the absence of position ID’s at the station to which the officer operated from or was posted to.
However, the anomaly at the Kafue and Chongwe DACO offices had since been regularised and
inputs to the PMEC and pay slips were available for inspection.

With regard to Solwezi DACO, K8,20.00 was irregularly paid to one officer serving at the Solwezi
District Agricultural Office. However, the officer had since retired and recoveries will be effected
from her benefits. Casualty forms had been prepared and were available for verification.

Regarding the Kasama and Mbala DACO, action had been taken to normalise the same and pay slips
were available for verification.

Committee’s Observations and Recommendations

Your Committee is displeased at the length of time it took management to make changes on the
payroll for officers who have been transferred and thus urges the Controlling Officers to sternly
cautions management for failing in their duties and ensure that the recoveries are made without
further delay. A progress report on the matter is awaited by your Committee.

e) Payment of Remote Instead of Rural Hardship Allowance

The Controlling Officer informed your Committee that the officers were paid remote instead of rural
hardship allowance because the PMEC system awarded officers with remote hardship allowances.
This was as a result of officers Position IDs which did not change regardless of the place where one
had been transferred to.

Committee’s Observations and Recommendations

The Controlling Officer is urged to ensure that all payroll issues related to the payment of rural
hardship allowances are resolved expeditiously. A progress report on the matter is awaited by your
Committee.

f) Irregular Payment of Housing Allowances

The Controlling Officer submitted that the housing allowance in Mongu, Sesheke, Kaoma and
Mwandi DACOs had been stopped and recoveries had since been effected. The payslips were
available for audit verification. Regarding the Housing allowance at Katete DACO, it had been
stopped and recoveries had since been effected. The pay slips were availed for audit verification while in Vubwi DACO, the housing allowance had also been stopped. The three officers who were irregularly paid housing allowances amounting to K26,766 for Katete DACO would have this amounts recovered from their respective salaries while housing allowance at the Chipata DACO had been stopped. The two officers who were irregularly paid housing allowances amounting to K21,280 for Katete DACO would have this amount recovered from their respective salaries and the officers cited in the audit report under Kafue DACO, Chongwe DACO, Lusaka DACO and Chilanga DACO were no longer receiving the allowance. Recoveries would be effected from their salaries and the pay slips were available for inspection. Inputs into the PEMEC under Shibuyunji DACO had since been done to terminate the payment of the allowance for the concerned officers and recoveries would be effected from their salaries. The inputs were available for inspection while recoveries under the Solwezi DACO were already running for all officers concerned and the pay slips were available for verification. All the officers occupying Institutional houses had been delimited and the recoveries had been effected. The pay slips were available for audit verification.

Committee’s Observations and Recommendations

Your Committee observes that such omissions could result in the loss of funds through paying officers who are not entitled to housing allowances and urges the Controlling officer to ensure that recoveries are effected and disciplinary action taken against the officers who caused this lapse. A progress report is awaited by your Committee.

g) Irregular Payment of Salaries to Officers Absent from Duty without Leave

The Controlling Officer submitted that the Registry clerk had since resigned and another Officer had been appointed in her place. However, the over payment would be recovered from the terminal benefits.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.

i. Sesheke DACO salaries and allowances - K139,594

The Controlling Officer informed your Committee that one officer was surrendered to the Provincial Administration. The Officer was appearing before the courts of law hence his case was handed over to the Provincial Disciplinary Committee. The other officer had since resigned from duty and recoveries would be effected from his terminal benefits. Your Committee resolves to await a progress report on the matter.

ii. Mongu PACO - K183,992

The Controlling Officer submitted that recoveries were effected but the officer had since died.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

iii. Sesheke DACO salaries - K51,107

The Controlling Officer informed your Committee that the Agriculture Assistant’s salary had since been blocked and the officer recommended for dismissal. The recoveries would be effected from his terminal benefits.
Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.

Katete DACO - K50,050

The Controlling Officer submitted that the Officer was surrendered to the Provincial Administration and was appearing before the courts of law hence his case was handed over to the Provincial Disciplinary Committee.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.

h) Questionable Payment of Salaries while on Secondment – Mongu PACO

The Controlling Officer submitted that the officer had since reported back for work and the recoveries had been effected.

Committee’s Observations and Recommendations

In noting the submission, your Committee questions why the Controlling Officer did not recommend the officer in question for dismissal after absconding from his station and substantive position for six months as provided for in the Terms and Conditions of Service for Public Service No. 60 (a), which provides that an officer who is absent from duty for a continuous period of 10 or more working days shall be liable for dismissal. In this regard, apart from effecting recoveries, the Controlling Officer is urged to institute disciplinary action against the officer. A progress report is awaited by your Committee.

i) Failure to Terminate a Convicted Officer from the Payroll – Vubwi DACO

The Controlling Officer submitted that the officer was waiting for authority from PSMD to terminate the officer from employment. The office received the notice of staff dismissal on 5th October, 2015 and had since terminated him from the pay roll and recoveries would be effect from his terminal benefits.

Committee’s Observations and Recommendations

Your Committee finds the Controlling Officer’s response unacceptable as this anomaly could result in the loss of funds through payments made to people not rendering any service to the Government. The Controlling Officer is, therefore, urged not to relent but apply himself fully and ensure that recoveries are effected from the officer’s terminal benefits. They await a progress report on the matter.

j) Failure to Constitute a Medical Board - Mongu DACO - K256,764

The Controlling Officer submitted that the provincial Office had written to the Provincial Medical Office through the Provincial Administration to constitute a Medical Board.

Committee’s Observations and Recommendations

Your Committee observes with concern that it had taken long for the Ministry to request for the medical board to be constituted. Your Committee is particularly concerned that the Controlling Officer did not follow up this matter after it is reported in the Auditor General’s report for 2010, therefore, resulting in funds being paid to an officer not rendering any service to the Government. In this regard, the Controlling Officer is strongly urged to ensure that a medical board is constituted.
without further delay to enable the employment of a person fit for the job. A progress report is awaited by your Committee.

k) Failure to Remove Deceased Officers from the Legacy Payroll

The Controlling Officer submitted that the Ministry had written to Ministry of Finance who managed the Legacy Payroll to terminate the deceased officers from the payroll.

Committee’s Observations and Recommendations

Your Committee expresses concern that failure to terminate the deceased officers from the payroll on time could result in the loss of public funds as the salaries drawn could be more than the total terminal benefits. In this regard, the Controlling Officer is urged to ensure that the deceased officers are immediately removed from the payroll and that recoveries must be effected from their terminal benefits. A progress report on the matter is awaited by your Committee.

l) Failure to Retire an Officer who had Attained Retirement Age – Legacy Payroll Mongu DACO - K33,033

The Controlling Officer informed your Committee that the officer had since retired and the overpaid salaries would be recovered from his terminal benefits.

Committee’s Observations and Recommendations

The Controlling Officer is sternly cautioned to ensure that Terms and Conditions of Service for the Public Service are adhered to in the Ministry and a progress report is awaited on the recoveries made.

MINISTRY OF AGRICULTURE AND COOPERATIVES

AUDIT QUERY

DEPARTMENT : Agribusiness and Marketing Department
PROGRAMMES : Farmer Input and Credit Management
ACTIVITIES : Various

Accounting and Other Irregularities

68. An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Agriculture Co-ordinating Offices (PACOs), District Agriculture Co-ordinating Offices (DACOs) and physical inspections of selected co-operatives and warehouses carried out during the period from April to November, 2015 revealed the following weaknesses to which the Controlling Officer responded as set out below.

a) Failure to Undertake Paid for Activities - K2,393,241

The Controlling Officer submitted to your Committee that officers undertook the trips and activity reports were available for audit for verification. Meanwhile auditors during the meeting informed your Committee that some officers were refunding the amounts as it was clear to them that they did not undertake the tours.

Committee’s Observations and Recommendations

Your Committee finds it misleading to hear that activities were undertaken yet there is no proof to convince auditors during the time of audit. Your Committee is displeased to learn that some officers are even paying back confirming that they never undertook the trips. The Controlling Officer is
sternly cautioned for misleading your Committee and is made to publicly apologise before it and the nation at large. He is also directed to ensure that all recoveries are made and that disciplinary action is taken against the erring officers without any further delay. Your Committee awaits a progress report on the matter.

b) **Late Delivery of Fertiliser - Saudi Basic Industries Corporation (SABIC)**

The Controlling Officer informed your Committee that by the end of January, 2015, 49,978 metric tonnes of SABIC Urea fertilizer had been delivered to NCZ for onward distribution to the intended beneficiaries.

In his oral submission, the Controlling Officer informed your Committee that there were two contracts the government entered into concerning the haulage of fertilizers in question. He submitted that the first contract was for the transportation of the said commodity up to port Richard’s Bay in the Republic of South Africa while the other one was between NCZ and some other transporter who was obligated to deliver the fertilizer into Zambia from South Africa. According to the Controlling Officer, the contract between the Ministry and the supplier had a period frame but due to unforeseen circumstances arising mainly from the transporter who was tasked to deliver the fertilizer into Zambia, the fertilizer was then delayed.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable that the fertilizer was delayed owing to the fact that this impacted negatively on the lives of many suffering masses who should have received the commodity they may have already paid for. Your Committee is also displeased that the Controlling Officer casually dealt with this very serious matter which bordered on the lives of many Zambians as it would affect maize and other crops production in the country and, consequently, lead into poverty. He is strongly urged to ensure that the procurement process in the FISP programme is urgently and thoughtfully given attention and that all flaws are eradicated from the system in order for it to benefit all Zambians especially the rural community. He is further urged to ensure that the policy direction is revisited for the FISP programme which has proved a failure over the years. Your Committee awaits a progress report on the matter.

c) **Deposits Not Reflecting on Bank Statements - K1,666,110**

The Controlling Officer informed your Committee that all the deposits were now reflecting the correct amounts as evidenced on the latest bank statements from the respective banks in the queried districts namely, Mansa, Kasempa, Kafue, Chilanga, Katete, Nsamba, Serenje, Kapiriri Poshi, Mpulungu, Mbala, Mpiaka and Mungwi. The reasons they were not reflected included; some cooperatives were omitted and also that in some instances the banks made mistakes on postings both of which had since been rectified.

**Committee’s Observations and Recommendations**

Your Committee finds this unacceptable and urges the Controlling Officer to ensure that disciplinary action is taken against erring officers after which the matter would be closed. Your Committee awaits a progress report on the matter.

d) **Weaknesses in Management Of Inputs**

i. **Late Delivery of Inputs - K8,312,180**

With regards to the above, the Controlling Officer responded as set out below; in Ndola, NCZ depot had challenges of damages which needed to be replaced. The replacement of the damaged inputs took long hence the delay in the said cooperatives receiving inputs while in
Masaiti, the problem arose due to late receipt of inputs from suppliers who delivered the inputs to the district on 29th January, 2015 as indicative on the GRVs. In Lusaka, Farmers had challenges of mobilising funds due to late payments of their maize supplied to the Food Reserve Agency (FRA). Distribution of inputs within the district generally ended in February, 2015. There was only one cooperative (Chinika Agro) whose Authority to Collect (ATC) was issued in April and this was the one whose inputs (Groundnut packs) mistakenly exceeded the district allocation. The cooperative wanted to get all the 10 packs issued at once but the 9 packs which was over issued delayed to come from Luangwa District where the request for additional packs was made. The district later resolved to issue the 1 bag of D compound which remained in the warehouse in the month of April, while awaiting the other 9 bags from Luangwa. The officer responsible was severely warned not to issue packs above the district allocation. In the case of Chadiza, the district received some fertilizer as late as January, which resulted in farmers receiving the fertilizer late. This had been a major challenge experienced by the district and had always been expressed in the challenges and recommendations in the wrap up report. The wrap up report was available for audit verification. Serenje district faced the problem of inadequate storage sheds for inputs as a result the NCZ halted the delivery of fertilizer to the district, until the district had created enough space in the available sheds. Serenje was then ranked last for fertilizer distribution, arguing that it could not disrupt the distribution schedule. On the seeds, one seed company delayed delivering the seeds especially ground nuts. This problem was further compounded by the FRA delayed payment of farmers that went up to February, 2015.

With regards to Kabwe district, the fertilizer and seed contractors were supposed to deliver the inputs between eight and ten weeks from the date of signing contracts as the planting season was between October to mid-December within which farmers would need inputs. However, it was observed that a total of 6,603 x 50kg bags of fertilizer amounting to K94,270 was only delivered in January 2015 resulting in delays of three months by NCZ which was beyond the district’s control. Kalomo District received some fertilizer as late as January, this resulted in farmers receiving the fertilizer late. This had been a major challenge experienced by the district and has always been expressed in the challenges and recommendations in the wrap up report which was available for audit verification. Concerning Sinazongwe, the Controlling Officer agreed that 4,561 x 50kg bags of Urea fertilizers worth K410,490 was received in Sinazongwe district between 7th January 2015 and 21st January 2015. The problem of late supply was beyond the District Agriculture Coordinator’s Office mandate and jurisdiction.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that the fertilizer was delayed owing to the fact that this impacted negatively on the lives of many suffering masses who should have received the commodity they may have already paid for. Your Committee is also displeased with this very serious matter which bordered on the lives of many Zambians as it would affect maize and other crop production in the country and, consequently, lead into poverty. He is strongly urged to ensure that the procurement process in the FISP programme is urgently and thoughtfully given attention and that all flaws are eradicated from the system in order for it to benefit all Zambians especially the rural community. He is further urged to ensure that the policy direction is revisited for the FISP programme which has proved a failure over the years. Your Committee awaits a progress report on the matter.

ii. Late Distribution of Inputs to Farmers - K8,334,360

The Controlling Officer responded that in all the following districts; Kapirimposhi, Chinsali, Chama, Nakonde, Isoka, Mpika, Mafinga and Shiwwangandu, the inputs had been delivered late, and this was mainly due to the supplier delivering these inputs late despite various correspondences to the same effect. Correspondences and wrap up reports were available for
audit verification. As for Mufumbwe/ Manyinga it was as a result of Cavmont bank and Finance Bank running out of pre-printed deposit slips, hence the delay in the distribution.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable that the fertilizer was delayed owing to the fact that this impacted negatively on the lives of many suffering masses who should have received the commodity they may have already paid for. Your Committee is also displeased that the Controlling Officer casually dealt with this very serious matter which bordered on the lives of many Zambians as it would affect maize and other crops production in the country and, consequently, lead into poverty. He is strongly urged to ensure that the procurement process in the FISP programme is urgently and thoughtfully given attention and that all flaws are eradicated from the system in order for it to benefit all Zambians especially the rural community. He is further urged to ensure that the policy direction is revisited for the FISP programme which has proved a failure over the years. Your Committee awaits a progress report on the matter.

iii. **Expired Inputs - K62,700**

The Controlling Officer submitted that seed from all the districts would have indicated that they were expired at the time of audit. However the department of Seed Control and Certification Institute (SCCI) had since sampled the seed for testing as was usually the practice and districts were still waiting for results.

In his oral submission, the Controlling Officer clarified that the testing of seed was a normal process which was done yearly by the SCCI and was not only targeted on the FISP inputs but on all seed stocked in the country by various seed dealers. This certification was done to enable the farmers not to have a loss as result of poor germination. He also emphasised that despite an indication on the seed tags that seed was expired, there was likelihood that it could still be used depending on storage conditions as the germination percentage would still be within the allowable rate.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that documents relating to certification are availed to auditors and the matter is recommended for closure subject to audit verification.

iv. **Unacquitted for Farming Inputs - K3,279,005**

The Controlling Officer submitted that concerning; Chinsali, Chama, Isoka, Mpika, Mafinga, Shiawangandu, Mansa, Milelge, Samfya, Monze, Mazambuka, Lufwanyama, Mufumbwe, Manyinga, Lundazi, Chama, Lusaka, Chongwe and Sinazongwe districts, the respective offices of the DACOs made follow ups to the farmers who did not sign the GIVs and had since signed them. Copies were available for audit verification. In future, management would make sure that all the beneficiary farmers acquit for inputs and the cooperative leaders, Camp Agriculture Committees (CACs) and the District Offices scrutinises the Goods Issued Voucher (GIVs) to make sure they were correct. The secretaries of the cooperatives concerned were, particularly, assigned to ensure that the GIVs were signed within a period of 14 days. As for Chilanga district, this could be justified with the first copies that were submitted to FISP Programme Coordinator’s Office. However the signatures for the 54 farmers were not printed on the second and third copies due finished carbon papers. The office undertook an exercise to have all GIV’s signed by the fifty-four farmers captured in the schedule and all GIV’s had since been correctly signed. Mkushi district had a shortage of Goods Issued Vouchers, hence one book was being used by two or three cooperatives. At the
Committee's Observations and Recommendations

Your Committee finds this unacceptable and urges the Controlling Officer to ensure that
disciplinary action is taken against erring officers after which the matter would be closed.
Your Committee awaits a progress report on the matter.

v. **Issuance of Inputs to Unqualified Co-operatives - K2,982,500**
The Controlling Officer submitted that all the queried cooperatives that benefited were
registered as per documents that were attached for verification. On specifics, he pointed out
that on Kabwe, one or two farmer groups could have existed for less than one year but
District Agricultural Committee went ahead and approved them following a recommendation
done by the Camp Agricultural Committee that they should be considered. Due to time
constraint, about twenty-five photo copies of Certificate of Registration had so far been made
available in terms of hard copy and a list of the other groups had been availed in a table form
whilst they complete the actual photo copies of the certificate of registration. Photo copies of
Certificate of registration for the various farmer groups to ascertain their validity were
available for audit verification.

Committee’s Observations and Recommendations

Your Committee finds this unacceptable and urged the Controlling Officer to ensure that all
documents are availed to auditors and that disciplinary action is taken against erring officers
after which the matter would be closed. Your Committee awaits a progress report on the matter.

vi. **Irregular Issuance of Inputs - K9,600**
The Controlling Officer submitted to your Committee that the fifteen farmers in question in
Choma District did not actually receive two packs each, as they were only allocated with
fifteen packs and only collected fifteen Packs in total. The problem arose when acquitting
on the GIVs, the farmers were not using a carbon but instead they filled in two white copies
of the GIVs. Hence it showed as though they had received two packs each. The ATC and
the ATD were available for audit verification. In the case of Sinazongwe, the Controlling
Officer conceded that it was correct that two officers both belonging to Sinkawa
Agricultural Cooperative Society, each received two packs of Maize contrary to the
implementation Manual. The two farmers had been black listed and would not benefit
during the 2015/2016 farming season.

Committee’s Observations and Recommendations

Your Committee finds this unacceptable and urged the Controlling Officer to ensure that all
documents are availed to auditors and that disciplinary action is taken against erring officers
after which the matter would be closed. Your Committee awaits a progress report on the matter.

vii. **Non Existent Farmer Groups – Kabwe DACO - K80,000**
The Controlling Officer submitted that he was still awaiting a response from the PACO for
Central Province.
Committee’s Observations and Recommendations

Your Committee does not accept the response from the Controlling Officer and he is sternly cautioned to ensure that he took charge of all matters relating to his Ministry. He was reminded of the provision in The National Assembly (Powers and Privileges) Act Chapter 12 of the Laws of Zambia, Part III (10) and (14) (b) on failure to provide information required by National Assembly or a committee. He is, therefore, directed to take stern disciplinary action against erring officers for failure to provide details relating to the query. Your Committee resolves to await a progress report on the matter.

viii. Issuance of Inputs to Unqualified Farmers - K107,195
According to the Controlling Officer, Monze farmers were registered members of cooperatives while Kafue’s names were captured from the share register which was not updated by the time farmers were purchasing the inputs. Some members of the cooperatives were not shareholder but only paid for membership, hence not being found in share registers. For Lundazi, by the time the beneficiaries were allowed to start the process of getting inputs they would have been screened at the CAC level in terms of membership register of the cooperative or farmer organisation. Farmers were registered members of cooperatives. Documents were available for audit verification while in Senanga, the officers who carried out the registration of membership of Senanga Daily Cooperative and Iiulila Women Cooperative had accepted the responsibility of including the queried farmers as there was poor record keeping and there were some mix ups in membership of both the shareholders and ordinary members. This was done due to the fact that the members had paid up the membership fee and hence they were not to be deterred from benefiting so as to encourage them to produce food and reduce poverty as well as assist farmers to income and pay shares in future. Both of the cooperatives had since written to the DACOs office. In the case of Sesheke, there was an omission in that one farmer was eligible for Lilonga MPCS and was on the cooperative register. The register and supporting documents for registration were available for audit verification. As for Lukulu, the two farmer groups, chikosa group and Mambwe cooperative, had provided minutes to confirm that indeed the farmers cited were members of the group. It was just unfortunately that their names were delayed to be captured in the register. Minutes were available for verification. Further Wambuyoti cooperative had attached a minute to confirm that the cited farmers in the report were not members of the group. In addition the Camp Agriculture Committee Secretary (CAC) together with the Chairperson and Savanna Cooperative had provided a minute which indicated that the farmers under Wambuyoti actually belong to Savanna cooperative and that when making entries in the GIVs the CAC made a mistake to write Wambuyoti instead of Savanna. So the farmers which were reported for wambuyuti actually belong to Savannah cooperative.

Committee’s Observations and Recommendations

Your Committee observes with great concern that there are serious flaws in the distribution process which would, consequently, lead into fraudulent activities if not exhaustively dealt with. He is strongly urged to ensure that the distribution process in the FISP programme is urgently revisited and that all flaws are eradicated from the system in order for it to benefit all Zambians especially the rural community. He is further urged to ensure that the policy direction is revisited which has proved a failure over the years. Your Committee recommends that the matter be kept in view in future audits.

ix. Undelivered Farming Inputs - K615,795
The Controlling Officer submitted that with regards to Monze, all the farmers had since acquitted for the inputs and GIVs were available for audit verification while for Mazabuka, follow-ups to the affected farmers, cooperatives and CACs were made and affected farmers were identified and made to acquit for the inputs. The farmers had not signed for the inputs.
because their packs were incomplete. They only signed after receiving the complete packs of inputs. Documents were available for audit verification. Regarding Ndola, Mpongwe, Masaiti, Lufwanyama, Chongwe, Chadiza, Nyimba, Serenje, Kapri Mposhi, Kabwe, Choma, Mufurila and Sinazongwe, Nitrogen Chemicals of Zambia did not supply the total district allocation of fertilizer. Documents were available for audit verification. As for Mufumbwe, the inputs were lost by the transporter Bam cell during the time of delivery. The value of the inputs would be deducted from the transporter charges for Bam cell. In the case of Mwinilunga, the Office of the DACO had written to NCZ and the undelivered inputs would be delivered together with the allocation for the 2015/2016 farming season. As for Mongu, it was true that 80 bags of fertiliser were not delivered to the district at the time of Audit. The above mentioned number of fertiliser was not delivered by NCZ and Neria Investment. In Lukulu, it was true that from 1000 bags x 5kg of fertiliser that was allocated to the District, 700 bags x 5 kg were delivered. Management had written to the FISP Country Coordinator requesting supply of the balance and a copy of this letter was available for verification.

In Kaoma, it was true that Quantities of inputs allocated to Kaoma District with quantities actually delivered revealed that four hundred and fifty bags of urea fertilizer for maize and ten bags of sorghum seed costing K40,750 were not delivered as of October 2015. The office has already communicated to the Programme Coordinating Office and the inputs in question will be received and distributed in the 2015/2016 farming season. Luwingu, the two hundred and eight-two bags of D’ compound was the shortfall that was caused by NCZ. The DACO’s tasked the Luwingu warehouse manager (LDCU) to go to Kafue to find out about the initial shortfall and some of the bags were delivered leaving two hundred and eight-two bags which they said was a small quantity for them to deliver.

Committee’s Observations and Recommendations

Your Committee observes with great concern that there are serious flaws in the distribution process which would, consequently, lead into fraudulent activities if not exhaustively dealt with. He is strongly urged to ensure that the distribution process in the FISP programme is urgently revisited and that all flaws are eradicated from the system in order for it to benefit all Zambians especially the rural community. He is further urged to ensure that the policy direction is revisited which has proved a failure over the years. Your Committee recommends that the matter be kept in view in future audits.

x. Inputs Paid for but not Delivered - K202,835
The Controlling Officer submitted that in Samfya, the Supplier of fertilizer NCZ didn’t supply the input and the Office of the DACO had officially written to NCZ to ask for the same and documents were available for audit verification. As for Ndola the District did not receive groundnut seed hence the farmers who paid for groundnut seed collected fertilizer in place of the seed while in Mpongwe, follow ups had been made to the FISP National Coordinator in Lusaka, and the response which was given was that the supplier of groundnuts seeds failed to honour the contractual obligation and the company named is Steward Global. The affected beneficiaries would be given priority this season and they would get what they had paid for last season. Letter from the Director Agri-business was available for audit verification. As for Lufwanyama Mwinilunga, Lundazi, Nyimba and Kapiri Mposhi, the supplier NCZ did not supply the total district allocation. However, the affected farmers would be issued with the inputs this season (2015/2016). In Chadiza Management was advised that the paid for but not delivered maize seed will be issued to the concerned Cooperatives in the current season (2015/2016) and these farmers will be given priority. Documents are available for audit verification. Regarding Chipata and Nakonde authority had been granted by the Ministry Headquarters to issue the inputs that were paid for but not collected. This would be done during the 2015/2016 farming season while for
Mazabuka, Choma and Kalomo, some farmers did not collect inputs as a result of not receiving some fertilizer and maize seed from Lusaka. The DACOs Office wrote to the provincial office to intervene and facilitate the delivery of the said inputs so that farmers could collect them but as at 1st December, 2015, the inputs had not been replaced, however, the Director Agri-business and Marketing had written to the District to provide information of farmer groups that did not collect the inputs so that they could be given their inputs for last season, during the 2015/2016 farming season. Letters are available for audit verification. As for Chililabombe, the shortage was caused by NCZ because of the damaged bags but they promised to replace the shortfall in the 2015/2016 farming season while in Chingola, NCZ did not deliver 100 x 50kg bags of Urea to the District during the 2014 – 2015 FISP season but was paid for the farmers. The farmers would be given priority during the 2015/2016 farming season. Documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee observes with great concern that there are serious flaws in the distribution process which would, consequently, lead into fraudulent activities if not exhaustively dealt with. He is strongly urged to ensure that the distribution process in the FISP programme is urgently revisited and that all flaws are eradicated from the system in order for it to benefit all Zambians especially the rural community. He is further urged to ensure that the policy direction is revisited which has proved a failure over the years. Your Committee recommends that the matter be kept in view in future audits.

xi. Late Transfer of Inputs - K100,800

The Controlling Officer submitted that there was demand in Lukulu District to utilise more maize inputs than was initially allocated while there was very little demand in Mitete such that Mitete decided to transfer some inputs to Nakeya District. Therefore the District requested that some inputs be transferred from Mitete to Lukulu in order for farmers in Lukulu to produce more. After all it was Lukulu which fed Mitete District, even in 2015, there was total hunger in Mitete so Lukulu District was actually feeding the population in Mitete. He confirmed that Mitete was not an agriculture District. However, at the time the transfer was done it was very late deep in the season that most farmers did not see need to buy any more inputs. The planting season was almost over. But these inputs would be sold for 2015/2016 season after testing the seed.

Committee’s Observations and Recommendations

Your Committee observes with great concern that there are serious flaws in the distribution process which would, consequently, lead into fraudulent activities if not exhaustively dealt with. He is strongly urged to ensure that the distribution process in the FISP programme is urgently revisited and that all flaws are eradicated from the system in order for it to benefit all Zambians especially the rural community. He is further urged to ensure that the policy direction is revisited which has proved a failure over the years. Your Committee recommends that the matter be kept in view in future audits.

xii. Unaccounted for Inputs - K1,222,063

The Controlling Officer submitted that for Kafue, Chinsali, Chama, Isoka and Mafinga, all fertilizers allocated were received and distributed and there were no unaccounted for inputs. Revenue Reconciliation reports were available for audit verification while in Chipata, the inputs were unaccounted for due to thefts and shortages by the respective warehouse managers. However, the number of maize seed was 453 x10kg bags valued at K18,120 and not 371 as observed by the auditors recovery for the unaccounted for maize seed was made from the payment claim of Kamdambo MPCs who was the warehouse manager in the 2014/2015 farming season. As for the fertilizer, the Ministry communicated to NCZ for
them to replace the shortfall. Documents were available for audit verification. As for Luwingu, the seventeen bags of groundnuts had been unaccounted for while in the custody of the Luwingu District Co-operative Union had since taken responsibility and written a letter of commitment to meet the cost amounting to K680. The Controlling Officer accepted that it was true that fertilizers were unaccounted for in Mpika. This was due to the involvement of the local District Commissioner in the distribution of inputs. In Mwinilunga, the fertilizer in question was for the 2013/2014 farming season 1,005 x 50 kg bags of Urea were handed over to the DACO’s Office and the Balance of 2,193 x 50kg bags of urea was yet to be handed over to the DACO’s office by Nyiombo. Records and correspondence to the Ministry Headquarters were available for audit verification. In the case of Lukulu and Kaoma, the Controlling Officer contended that Goods Issued Vouchers (GIVs) and Authority to Deposit (ATDs) were shown to the Auditing Team at Marketing Department Office where the Auditors were working from. All such documents were available and still available. He, therefore, wondered where the values/amounts were coming from while in Seshweke and Senanga, their wrap up report indicated that all the inputs which were received were delivered to the farmers. In Chongwe, a follow up was done and the farmers that did not acquit for the stated inputs were made to acquit using the Goods Issued Vouchers (GIVs). The forty-six farmers and inputs translating into 82 x 50 Kg of D-Compound, 64 x 50 Kg and forty-seven Seed had since been acquitted. The documents were attached for verification. In future, management would make sure that all the beneficiary farmers acquit for inputs and the Cooperative leaders, Camp Agriculture Committees (CACs) and the District Office scrutinizes the Goods Issued Voucher (GIVs) to make sure they were correct. As for Kafue according to their seed reconciliation, all the 1,178 packs of sorghum were sold. At the time of the audit it was, however, found that balances of 10 x 10 kg bags of seed were unaccounted for. According to their records, during the 2014/2015 farming season, a total of 117 x 10 kg maize seed were left unissued (closing inventory) instead of 127 x 10 kg maize seed hence the 10 x 10 kg bags of maize seed unaccounted for which were simply a mathematical error. A summary of 2013/2014 FISP wrap up report was ready for audit verification. Further, relating to the same District, it was found that a total of one thousand five hundred and seventy-two groundnuts packs were issued instead of one thousand five hundred and sixty resulting in over issuance of twelve groundnuts packs. The twelve groundnut packs reported as unaccounted for were due to an error of not entering them in their input data and this led to selling the packs twice.

Committee’s Observations and Recommendations

Your Committee observes with great concern that there are serious flaws in the distribution process which would, consequently, lead into fraudulent activities if not exhaustively dealt with. He is strongly urged to ensure that the distribution process in the FISP programme is urgently revisited and that all flaws are eradicated from the system in order for it to benefit all Zambians especially the rural community. He is further urged to ensure that the policy direction is revisited which has proved a failure over the years. Your Committee recommends that the matter be kept in view in future audits.

xiii. Questionable Issuance of Inputs – Serenje DACO - K6,360

The Controlling Officer submitted that the chief arrived in the district late which time the banks had already closed. As he was attending to other urgent matters, he then requested the office of the DACO to help facilitate for the funds to be deposited for him and other family members. However, the district would now ensure that this does not recur in the future.

Committee’s Observations and Recommendations

The Controlling Officer is urged by your Committee to ensure that all officers adhered to FISP guideline No. 8.3.1 which stated that the Ministry of Agriculture and Livestock staff
were not allowed to handle any cash on behalf of any farmer or farmer organisation. Your Committee resolves to close the matter subject to audit verification.

xiv. Misappropriation of Inputs - Kaoma and Sesheke DACOs
The Controlling Officer submitted that in Kaoma, the Office of the DACO, after being aware through stock taking with the warehouse Manager, in written officially notified the Chairman who acknowledged the stolen maize seeds. Additionally, the DACO wrote to the PCO to recover part of warehouse Manager’s funds which they had worked for to manage seed, an amount which was equivalent to the stolen seed so that seeds could be distributed to affected farmers whose list had been compiled. As for Sesheke the DACO had written to the warehouse manager for the 500 bags of fertilizer to be replaced. Copies of communication were available for audit verification.

Committee’s Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that all recoveries are made without any further delay and your Committee awaits a progress report on the matter.

xv. Missing ATDs, Deposit Slips and ATCs - K1,797,260
The Controlling officer submitted that for Kazungula and Mazabuka, all the Missing ATDs and ATCs had since been located and were available for audit verification while in Monze seventy-five out of the ninety-three Missing ATDs and ATCs had since been located. The Office continued to search for the remaining eighteen ATDs and ATCs.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that documents were not availed for audit and were only located after the audit. The Controlling Officer is urged to ensure that the erring officers were disciplined for this omission and that the remaining documents were located without any further delay. Your Committee awaits a progress report on the matter.

xvi. Failure to Issue Inputs to Beneficiaries - Senanga DACO - K247,850
The Controlling Officer submitted to your Committee that this occurred due to the fact that most farmers had a belief that fertiliser spoils the soil and the fact that seeds were tied to the fertiliser, it was not possible for farmers to buy only seeds without fertiliser hence the failure to purchase the inputs by farmers. The optimum planting time for Western Province region was August-September, late receiving of inputs poses a challenge to sell considering the high levels of poverty.

Committee’s Observations and Recommendations

Your Committee finds the reason given by the Controlling Officer misleading as Agriculture Assistants in the area were there to impart knowledge regarding the use of fertilizer. It is also discouraging to your Committee to hear that inputs were kept for that long until expiry period when farmers from other areas were in dire need of the commodity. Your Committee urges the Controlling Officer to ensure that farmers receive the correct information regarding the use of fertilizers and seed and also that the fertilizer purported to have expired is tested before being recommended for disposal. Your Committee awaits a progress report on the matter.

xvii. Questionable Acquittals of Inputs - K241,200
The Controlling Officer submitted to your Committee that Chongwe made follow ups and ensured that the eligible and actual farmers acquitted for the inputs. The fifty-one actual
beneficiary farmers that did not acquit but acquitted by other and same beneficiary farmers had since acquitted. Attached were the Goods Issued Vouchers (GIVs) for verification.

He also affirmed that in future, management would make sure that all eligible beneficiary farmers acquit for inputs and the Cooperative leaders, Camp Agriculture Committees (CACs) and that the District Office scrutinises the Goods Issued Voucher (GIVs) to make sure they were correct. Concerning Lusaka, this arose due to individuals collecting inputs on behalf of the actual beneficiaries partly as a result of transport challenges from the central offloading point to the place of a particular farmer. The ones who collected on behalf of the actual beneficiaries signed upon collecting after presentation of NRCs for entitled beneficiaries. This was what led to just writing names instead of signing. Farmer groups were warned not to be sending other individuals to collect inputs on their behalf. In Mbulungu, there was a typing error that was caused by some wrong formula which was applied to the beneficiary template. All farmers who’s NRCs were duplicated were summoned and were asked to produce their copies of NRCs through their Chairpersons with confirmation letters. Documents were available for audit verification. As for Kapiri Mposhi, the inputs had since been acquitted and GIVs were available for audit verification while in Chinsali the beneficiary did not benefit twice as can be seen on the GIVs for the concerned cooperatives. In the case of Chilanga, the office had embarked on a programme of visiting all cooperatives that did not follow the FISP Guidelines and ascertain the reasons given in order to rectify the observations made by the Auditors. Results of their exercise were that most farmers were unable to collect inputs on their own because they were physically challenged. However, the office made all beneficiary farmers to sign in the GIV’s for the inputs and ensured that the person collecting inputs on behalf of the benefiting farmer came with the NRC of the beneficiary.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that FISP Guideline are adhered to by all farmers seeking to benefit through the FISP Programme and that any violators of it must be blacklisted to deter others. Your Committee recommends the matter for closure subject to audit verification.

e) Contracts for Transportation of Inputs

i. Irregular Charge of Value Added Tax (VAT) - Local Transporters - K132,791

The Controlling Officer submitted to your Committee that for both Milenge and Samfya, the transporters were dully registered and certificates were available for audit verification whereas for Chama, Chinji General Dealers was paid an amount excluding VAT and payment details were available for audit verification.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

ii. Questionable Claim by Transporter – Mufulira DACO - K56,654

The Controlling Officer submitted that the tonnage on the transporter’s claim had since been corrected. However, the amount being claimed was not affected as can be seen on the documentation. Documents were available for audit verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that officers are disciplined for the omission resulting in this query owing to the fact that the audit process offers enough time for resolution and corrections highlighted. Your Committee awaits a progress report on the matter.
iii. **Unsupported Transporters’ Claims - K1,563,650**

The Controlling Officer submitted that for Mansa and Mwense, the transporters claims had since been supported and the matter had been resolved. Shiwangandu’s documents for transporters were available for audit verification. In the case of Samfya, there was an oversight from DACO’s office and measures had been put in place to make sure that next time transporters leave a copy at DACO’s office. As for Chililabombwe it was true that delivery notes were not available for audit and this was because they were taken to the Ministry Headquarters. However the district in future would ensure that it kept copies.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that officers are disciplined for the omission resulting in this query owing to the fact that the audit process offers enough time for resolution and corrections highlighted. Your Committee awaits a progress report on the matter.

iv. **Delayed Awards and Failure to Sign Contracts - Warehouse Management - Kabwe DACO**

The Controlling Officer submitted that as regards to the warehouse management contract form, in the same way a copy was sent to Head Quarters, the district did not get any feedback and the contract was signed at the end of the farming season reflecting the actual tonnage that was handled and distributed. Concerning the fifty packs of Maize packs valued at K20,000 that were fraudulently obtained, the matter was reported to the Police by the warehouse manager and tried in the courts of law.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the omission caused by the district office in Kabwe and the Controlling Officer is urged to ensure that the officers are sternly cautioned for that. Your Committee further urges the Controlling Officer to ensure that internal controls in the distribution process including the storage facilities are enhanced to eradicate fraud in the system. The matter is recommended for closure subject to audit verification.

f. **Weaknesses in Internal Controls**

i. **Misapplication of Funds - K2,768,975**

The Controlling Officer submitted that the Ministry had erratic funding for some time such that it had been difficult to reimburse the funds. Retrospective authority was being sought from Secretary to the Treasury to normalise the transaction.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the causal manner the Controlling Officer dealt with the matter owing to the fact that funds meant for poverty reduction was used to pay allowances and settlement for telephone bills among other expenses. Your Committee finds this unacceptable and cautions the Controlling Officer to desist from abrogation of the Appropriation Act of 2013. He is also directed to ensure that erring officers are sternly cautioned against this vice and the Committee awaits a progress report.

ii. **Missing Payment Vouchers**

The Controlling Officer submitted that all the missing payment vouchers had been located and were available for audit verification.
Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that erring officers are disciplined and your Committee awaits a progress report on the matter.

iii. Unsupported Payments - K321,515,145
The Controlling Officer submitted that all the payment vouchers that were not supported were now supported and were available for audit verification.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that erring officers are disciplined and your Committee awaits a progress report on the matter.

iv. Unretired Accountable Imprest - K2,159,586
The Controlling Officer submitted that all the unretired imprest had since been retired.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that erring officers are disciplined and your Committee awaits a progress report on the matter.

v. Irregular Use of Imprest to Procure Goods and Services - K488,305
The Controlling Officer submitted that all this was necessitated by the urgent nature of the items to be procured. In most cases it was used to buy stationery for workshops.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that Financial Regulation No. 86 (c) is adhered to by the officers and that a lasting solution is found to deal with urgent matters. The Controlling Officer is urged to ensure that officers are cautioned to desist from this abrogation and your Committee recommends the matter for closure subject to audit verification.

vi. Irregular Payments of Out of Pocket Allowance - K779, 591
The Controlling Officer submitted that all the officers were lodged at Ndozo were entitled to out of pocket allowance as this was done in another district.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.

vii. Irregular Payments of Sitting Allowance - K161,468
The Controlling Officer submitted that the funds would be reimbursed accordingly.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that recoveries were commenced without any further delay. Your Committee awaits a progress report on the matter.

viii. Unaccounted for Fuel - K30,261
The Controlling Officer submitted that the all the fuel had since been accounted for and receipt and disposal details were now available for audit verification.
Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that erring officers are disciplined and your Committee awaits a progress report on the matter.

MINISTRY OF AGRICULTURE AND LIVESTOCK

AUDIT QUERY PARAGRAPH 69

UNIT : Natural Resources Development College (NRDC)
PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

69. An examination of accounting and other records at the NRDC carried out in August, 2015, revealed the following weaknesses to which the Controlling Officer responded as set out below.

Accounting and Other Irregularities

69. An examination of accounting and other records at the NRDC carried out in August, 2015 revealed the following weaknesses to which the Controlling Officer responded as set out below.

a) Missing Payment Vouchers - K96,958

The Controlling Officer submitted that the ten missing payment vouchers amounting to K96,958.09 were availed to the auditors and the matter was resolved after verification.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure.

b) Unsupported Payments - K916,074

The Controlling Officer submitted that the all the thirty-five payments had since been supported by relevant supporting documents and were ready for audit verification.

Committee's Observations and Recommendations

Your Committee recommends the matter for closure.

c) Unretired Accountable Imprest K150,674

The Controlling Officer submitted that all outstanding transactions regarding unretired imprest had been duly retired and the matter was resolved after verifications.

Committee's Observations and Recommendations

Your Committee recommends the matter for closure.

d) Failure to Produce Reports K91,570

The Controlling Officer submitted that the monitoring reports and other reports which necessitated the officers to get imprest were availed to auditors and the matter was resolved after verifications.
Committee’s Observations and Recommendations

Your Committee recommends the matter for closure.

e) Irregular Procurement of Goods and Services Using Imprest K68,391

The Controlling Officer submitted that the matter was resolved and cleared by the auditors after verifications.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure.

f) Misapplication of Funds K297,578

The Controlling Officer submitted that management agreed with the observation regarding the transfer of funds from the Open and Distance Learning, Parallel, Business and Cost-sharing Accounts to the RDC account to facilitate payment of personal emoluments. Management however, stated that personal emoluments were paid using locally generated funds, a situation which arose due to misunderstanding and confusion regarding the amount funded following re-basing of the currency. The College was funded One Hundred and Ten Thousand Kwacha (K110,000) which was mistaken for One Million One Hundred and Ten Kwacha (K1,100,000) Most Payee cheques were referred back to the drawer as result of that. Consequently, the College management decided to transfer the mentioned funds made good all referred to drawer cheques and to cover the overdraft. To that effect, the Institution had put in measures to ensure that before any payment was made as a result of funding, the responsible officer engaged the bank to ensure that the amount on the funding slip corresponded with the funds received by the Bank. Further, all the funds received were tied to the programmes and activities of the budget. Since the College did not receive enough funds for Personal Emoluments in the year under review, it would be difficult to refund the Locally Generated Accounts from the RDC Account considering that this was a different fiscal year which would lead to distortion of the financial report.

Committee’s Observations and Recommendations

The Controlling Officer is sternly cautioned to desist from allowing misapplications of funds as the funds are meant for student’s affairs that are capable of rioting if their needs are not met. Your Committee urges him to ensure that the variation is regularised without any further delay and a progress report is awaited on the matter.

g) Failure to Reimburse Borrowed Funds - K89,115

The Controlling Officer submitted that the delay in reimbursing of the borrowed funds was due to erratic funding from the Treasury.

Committee’s Observations and Recommendations

The Controlling Officer is sternly cautioned to desist from allowing borrowings of funds as the funds were meant for student’s affairs that are capable of rioting if their needs are not met. Your Committee urges him to ensure that the funds are reimbursed without any further delay and a progress report is awaited on the matter.
h) Questionable Engagement of Supplier of Foodstuffs - K38,542

The Controlling Officer submitted that the Corrective measures have been put in place to ensure that only companies duly registered as food suppliers are permitted to supply specific goods as designated in their Registration Certificate with Zambia Public Procurement Authority. However, henceforth the College endeavors to get Ministry Procurement Committee (MPC) authority for a specified period to avoid snap suppliers. Furthermore, the College endeavors to procure food stuff solely from registered food suppliers. The disposal details are available for audit verification.

Committee’s Observations and Recommendations

Your Committee observes with concern that there is a system failure particularly in the procurement process. The Controlling Officer is urged to ensure that the erring officers are sternly cautioned for failure to follow procurement guidelines. Further, he is urged to ensure that a deeper investigation is instituted by use of law enforcement agencies to ascertain as to how a supplier who is not registered would be selected to supply the foodstuffs at the college. Your Committee awaits a progress report on the matter.

i) Unaccounted Stores - K541,814 (Food Stuffs and General Stores - K474,576 and Fuel - K67,238)

The Controlling Officer submitted that the all stores items costing K541,814 had since been accounted for and the disposal and ledger records had been accordingly updated and are available for audit verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that erring officers are disciplined without any further delay. Your Committee awaits progress report on the matter.

j) Undelivered Stores - K38,485

The Controlling Officer submitted that the A/C No.105 was for NRDC Poultry Unit and not a company which had supplied 390 broiler chickens to the Main Kitchen. Five hundred and twenty kilograms (520 Kg) steak mince from Master Butcheries was delivered on the 14th of July and 25th of July to the Main Kitchen respectively. However, the Senior Catering Officer did not record disposal details of the 90 chickens, and 155 Kg mincemeat. The matter was verified by the Auditors and the matter had been cleared.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that erring officers are disciplined without any further delay. Your Committee awaits progress report on the matter.

k) Circumvention of Tender Procedures - K449,091

The Controlling Officer submitted that regarding circumvention of tender procedures, management stated that there was no intent to breach the proper procurement guidelines. The different payment schedules arose because specific cited items were quoted separately according to the product and the payments followed a similar pattern. For example, weekly purchases from Master Butcheries comprise three different products namely, mince-meat, beef and sausage that were quoted and delivered on different dates. Further, meat products were ordered on a weekly basis in order to effectively account for usage of each product and therefore, orders and payments were made separately. In the case of payments for bread, there was an accumulation of unpaid bills from PAM’s
Bakery due to misfiling of delivery notes by the stores officer which led to offsetting of the outstanding payments sequentially much later after delivery of bread. Therefore, there was no deliberate move by the College to circumvent the procurement procedures. College management had taken measures to ensure that procurement procedures were followed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

l) Acquisition and Land Use – Mumbwa Ranch Farm

i. Failure to Develop the Ranch and non Availability of Assets Register
The Controlling Officer submitted that the failure to develop the Mumbwa Ranch had been due to lack of sufficient capital funds in the budget under NRDC. Several requests had been made for such funds but due to budgetary constraints, no funds had been released (Appendix 14 - Project Proposal for the New Natural resources Development College Ranch Mumbwa Ranch of 2010). Despite the short comings, the College had made modest investments in the form of two boreholes with one of them equipped with a hand pump and a portable spray race. Lastly, sixteen hectares of land was cleared in 2014 in readiness for cropping. Plans were under way, however, funds permitting, to establish pastures for beef herd. Management had applied for a Matching Grant under the World Bank and was also soliciting for possible Public Private Partnerships to facilitate development of the land. The Asset Register for the Mumbwa ranch had been updated under the Farm Section. The captured assets included two boreholes, one hand pump and a portable spray race.

Committee’s Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that the land is developed by way of budgeting for it in the preceding financial years. Your Committee awaits a progress report on the matter.

ii. Failure to Remit NAPSA Contributions
The Controlling Officer submitted that the College management had undertaken to pay the outstanding bill to NAPSA starting with November, 2015. The balance would be liquidated in the course of 2016.

Committee’s Observations and Recommendations

Your Committee directs the Controlling Officer to ensure that the funds are paid to NAPSA without any further delay and that the management at the college is sternly cautioned for this irregularity. Your Committee awaits a progress report on the matter.

iii. Plumbing Works at the Food and Nutrition Laboratory – Failure to Remove Existing Waste Water Lines
The Controlling Officer submitted that the scope of works for Palabana was by and large adhered to and was in compliance with the quoted works. The Maintenance Officer and his team supervised the works and ensured that works were completed urgently. After the removal of the ceiling boards and other waste water pipes, new ones were installed. It was worth noting that since the installation of the new pipes, the floods, water spillages and leakages had completely stopped.

Committee’s Observations and Recommendations

The matter is recommended for closure subject to audit verification.
m) Questionable Engagement of a Contractor

The Controlling Officer submitted that the matter was resolved and cleared by the auditors.

Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to auditor.

OFFICE OF THE PRESIDENT – LUSAKA PROVINCE

AUDIT QUERY PARAGRAPH 70
DEPARTMENT : Various
PROGRAMME : Various RDC
ACTIVITY : Various

Accounting and Other Irregularities

70. An examination of accounting and other records maintained at the Provincial Administration and eight (8) selected district offices carried out in August, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Unsupported Payments - K514,793

The Controlling Officer informed your Committee that payments with a value of K233,328.33 had since been supported with relevant supporting documentation and were available for audit verification. Further, measures had been put in place to ensure that supporting documents such as invoices, receipts, delivery notes and activity reports were attached to all payment vouchers and retirements respectively.

Committee’s Observations and Recommendations

Your Committee notes with concern that there is poor adherence to the Financial Regulations at the Province and directs the Controlling Officer to institute disciplinary action on the officers who failed to avail documents to the auditors at the time of audit and also that the outstanding payments are supported with the relevant documentation without further delay. The evidence of supported payments should be availed to the Office of the Auditor General for verification. A progress report is being awaited by your Committee.

b) Unretired Accountable Imprest - K877,843

The Controlling Officer submitted before your Committee that that imprest worth K715,060.26 had currently been retired and was available for audit verification. Further, recoveries of imprest valued at K162,782.85 had been instituted on the erring officers.

Committee’s Observations and Recommendations

Your Committee expresses concern that the retirements are not done within the stipulated period of forty eight hours and urges the Controlling Officer to ensure that financial regulations on the retirement of imprest are strictly adhered to. The Controlling Officer is urged to ensure that disciplinary action is taken against the officer(s) who failed to ensure that the regulations are followed to serve as a deterrent.
c) **Irregular Use of Accountable Imprest - K56,165**

The Controlling Officer informed your Committee that the heads of departments had since been warned and cautioned to ensure that all procurements for goods and services were done through the procurement unit.

**Committee’s Observations and Recommendations**

The Controlling Officer is urged to ensure that this does not recur and the matter is recommended for closure subject to audit verification.

d) **Unaccounted for Stores Items and Fuel - K1,324,946**

The Controlling Officer submitted that stores ledgers and fuel ledgers with a value of K736,282.35 for departments under Lusaka Province had since been supported with relevant documentation and were available for audit verification. Furthermore, continuous efforts were still being made to ensure that the remaining receipts and disposal details were attached with relevant documentation.

**Committee’s Observations and Recommendations**

Your Committee notes the efforts being put in place to ensure that the details are attached with relevant documentation and availed to the Office of the Auditor General for verification. The Controlling Officer is, however, urged to ensure that disciplinary action is taken on the officer(s) responsible for this omission. A progress report on these matters is being awaited by your Committee.

e) **Fuel Drawn by Unauthorised Motor Vehicles - K2,224**

The Controlling Officer informed your Committee that fuel worth K2,224 drawn by vehicles with private registration numbers were actually vehicles from the Office of the President Special Division stationed in Chirundu. He explained that at that time, the Office did not have fuel, therefore, the District Commissioner’s Office assisted with fuel for the operations.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the Office of the President Special Division reimbursed the fuel considering that they have their own allocation. In this regard, your Committee awaits a progress report on the matter.

f) **Fuel drawn without Motor Vehicle Registration Numbers - K4,495**

The Controlling Officer was informed that the responsible department had since been warned and told to adhere to Government regulations accordingly. Nonetheless, the omission had since been corrected and the relevant documents were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that this does not recur in future. The matter is, however recommended for closure subject to audit verification.

g) **Unauthorized Fuel drawings - K60,561**

The Controlling Officer submitted that the fuel in question was for all the departments under the District Commissioner’s Office. He explained that the filling station dealership did not issue
the users with the fuel coupon books but only provided a book where all drawings of fuel where entered and signed for by the users.

In view of the foregoing, the district improvised a system where the issuance of fuel drawings was authorised by the District Commissioner and the District Administrative Officer. Nonetheless, the fuel ledger and the fuel drawings book from the filling station were availed for verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail the fuel drawing books to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers for this lapse. Your Committee resolves to await a progress report on the matter.

**h) Questionable Fuel Drawings - K19,245**

The Controlling Officer submitted before your Committee that the fuel drawings for the six (6) motor vehicles were actually an omission on the part of the officers in the Buildings Department and the Lusaka District Office. He explained that the officers erroneously entered the diesel fuel drawings on the petrol row on the coupons. Your Committee was, however, informed that the department had since been warned and cautioned to adhere to Government laid down regulations.

Your Committee finds the situation unacceptable and urges the Controlling Officer to take disciplinary action against the officer(s) who failed in their duties. The matter is, however, recommended for closure subject to audit verification.

**i) Undelivered Assets and Electronic Equipment - K11,947**

The Controlling Officer submitted that the assets for Rufunsa District with a value of K5,447 were verified by the auditors during verifications. Your Committee was, further informed that the assets valued at K6,500 were meant for the purchase of an HP desk-top server computer, 7200RPM SATA H/D and 3 3B with 8GB memory. This was installed at Lanya House (Zamtel) that hosted the Government internet servers. The said server was verified by the external auditors in the company of officers from the Planning unit at Lusaka Province.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

**j) Failure to Submit Results Transcripts - Capacity Building (Staff Training) - K163,838**

The Controlling Officer reported that the exam transcripts for all the officers were currently available for audit verification.

Further, measures such as submitting result transcripts before payments were approved had been put in place to ensure that all staff sent for training submitted reports for the training that they undertook.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the Provincial Administration to provide progress reports during the audit and urges the Controlling Officer to ensure that disciplinary action is taken against the officer(s) responsible for the irregularity. The matter is, however, recommended for closure subject to audit verification.
k) **Non Tax Deduction and Remittance to Zambia Revenue Authority (ZRA) - K124,045**

The Controlling Officer submitted that a provision in the 2015 budget had been allocated to clear the outstanding bill. The Provincial Administration intended to liaise with the ZRA if they could enter into a payment plan on how to dispose off the amount in installments.

**Committee’s Observations and Recommendations**

Your Committee reminds the Controlling Officer that failure to deduct and remit tax resulted in the loss of revenue by the Government and, consequently, the Government’s failure to discharge its planned programmes. The Controlling Officer is, therefore, strongly urged to ensure that statutory obligations are paid as and when they are required. Your Committee resolves to await a progress report on the outstanding arrears.

l) **Irregular Payment of Housing Allowance to Officers in institutional Houses - K91,704**

The Controlling Officer reported that the houses were in a deplorable state and it was agreed at the District that the officers maintain the houses using the housing allowance paid to them. In this regard, the housing allowances were paid for a period not exceeding seven months thereafter, the allowance was withdrawn and recoveries instituted.

**Committee’s Observations and Recommendations**

Your Committee resolves to await a progress report on the outstanding arrears.

m) **Transport Allowance - K4,214**

Your Committee was informed that the stated officers were on suspension and were receiving a half salary. Further, as per Government regulation, allowances were not affected even when an officer was placed on half salary as only the basic salary was affected, as such the overpayment did not arise.

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

n) **Irregular Payment - Rural Hardship Allowance - K12,372**

The Controlling Officer informed your Committee that this occurred because the officer had no PMEC position in Lusaka. The position was only available in Luangwa hence the officer was placed on the Luangwa payroll resulting in her drawing rural hardship allowance. However, the allowance had since been withdrawn and efforts were being made to recover the amount which was paid to the officer as the officer was no longer with the Lusaka Provincial Administration.

**Committee’s Observations and Recommendations**

The Controlling Officer is urged to ensure that such irregular payments do not recur in future by making sure that transfers are backed with available PMEC vacancies. The matter is, however, recommended for closure subject to audit verification.

o) **Irregular Payment of Acting Allowance - K350,005**

The Controlling Officer informed your Committee that substantive promotions for most of the officers had been effected with very few officers that we were still awaiting confirmations from the Public Service Management Division. The Controlling Officer explained that the PMEC system was programmed to stop acting allowance payments after six months, however, because of the delay to
receive confirmations from the Public Service Management Division, officers continued to draw acting allowances until their confirmation was received to effect the salary scale change.

Committee’s Observations and Recommendations

Your Committee notes the response but urges the Controlling Officer to enhance his supervision on payroll related matters. He is further urged to ensure that promotions for the remaining officers are effected by following up with the Public Service Management Division. A progress report on the matter is being awaited by your Committee.

OFFICE OF THE PRESIDENT – LUSAKA PROVINCE

AUDIT QUERY

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Accounting and Other Irregularities

71. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March and August, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Rehabilitation of Feeder Roads

i. Grading, Spot Gravelling and Culvert Installation – 22 km Other Roads Luangwa (Chilombwe Road)
The Controlling Officer submitted that some activities were not undertaken due to lack of funds and the scope of work was the construction (opening new road) of Chilombwe road which required funding. He explained that the twelve culverts were procured but not installed and the 300m section of road which required gravelling also not done because the available funds were used up by the construction activity. The Controlling Officer further confirmed that the culverts were safely kept at the Rural Roads Unit yard along Sheki Sheki yard in Lusaka and an expenditure was submitted totaling K563,620.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that funds were secured to finish the project and they resolved to await a progress report on the works.

ii. Grading – 12 km of Chipeketi Road
The Controlling Officer submitted that the defects observed on the Chipeketi road were due to the rains experienced in the year 2014 and early 2015. He explained that the culverts seen along the road were not purchased by RRU, but were left by RDA when they were installing culverts in 2010. The Unit intended to install them once funding for the road was made available. The Controlling Officer further submitted an expenditure totaling K223,171.69.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that huge sums of money meant for the grading of the road were used to pay allowances. In this regard, the Controlling Officer is urged to ensure that officers were not paid above the required threshold stipulated in the general requirements of the contract thereby depriving the beneficiaries of the much needed service. Your Committee awaits a progress report on the works.
iii. **Grading 23 km – Kamwesha Road - Rufunsa District**

The Controlling officer informed your Committee that the unit had ran out of funds because of the change in the scope of works from just grading to construction which involved bush clearing, cutting and filling of depressions in some areas. He explained that during the audit inspection, 8km of bush clearing was covered in readiness of the road formation. In this regard, the total funding was K159,000 and the expenditure was submitted totaling K151,600.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the works on the road were completed without further delay. A progress report is being awaited by your Committee.

iv. **Grading – 23 km of Shikabeta Road**

The Controlling Officer informed your Committee that the defects observed were due to the rains experienced in the year 2014 and early 2015. However, the defects were worked on and the road was ready for verification. Additionally, an expenditure was submitted totaling K110,239.76

**Committee’s Observations and Recommendations**

The matter is recommended for closure subject to audit verification.

v. **Grading – 12 km Lubalashi Road**

The Controlling Officer informed your Committee that Lubalashi road had been worked on. He, however, clarified that the amounts of funds received were K100,555 and not K159,000 as indicated in the Auditor General’s Report. The Controlling Officer further informed your Committee that these funds were from the 2013 budget carried over. In this regard, the scope of work was grading and spot gravelling. However, the spot gravelling was not done because other pieces of equipment were not available in the district. Furthermore, the gullies and exposed culvert were covered. The Committee was further informed that the eroded section was waiting for funding and an expenditure was submitted totaling K116,580.

**Committee’s Observations and Recommendations**

Your Committee resolves to await a progress report on the completion of all the works.

vi. **Heavy Grading and Regravelling – D158 Old Kafue Road**

The Controlling Officer informed your Committee that the Rural Roads Unit had worked on the road but was not funded in 2014. In this regard, the funds that were used were carried over from the 2013 budget amounting to K120,160. The Controlling Officer further explained that the culverts were properly installed except that the headwalls and wing wall were not properly aligned. However, the Unit would rectify the defects once funds were made available. An expenditure was submitted totaling K118,909.25.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

vii. **Grading, Spot Gravelling and Culvert Installation – 10 km Kapyongo Road – Kafue District**

The Controlling Officer informed your Committee that the Unit had worked on the road despite not being funded in the 2014 budget. However, works were done using funds carried over from the 2013 budget and the road was funded K159,000. Your Committee was further informed that the defects observed would be attended to when the Unit received funding. An expenditure was submitted K86,800.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to liaise with the Secretary to the Treasury to ensure that funds are released to work on the defects identified by the audit. A progress report is being awaited by the Committee.

viii. Grading – Mungu - Shimabala Road
The Controlling Officer submitted that the road was not funded in 2014, however, works were done using funds carried over from the 2013 budget amounting to K137,994. The road required gravelling instead of just grading therefore the unit only covered 3kms gravelling and pulled out because of no funds. The works would continue when funds were made available.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to liaise with the Secretary to the Treasury to allocate adequate funds to facilitate the completion of the road. A progress report is being awaited by your Committee.

ix. Grading – 25km D177 - Kalubwe Road
The Controlling Officer submitted that the Rural Road Unit had worked on the Kalubwe road. However, the road was not funded in 2014. In this regard, the works done were as a result of funds from the 2013 budget which were carried over amounting to K67,037. Your Committee was informed that the defects observed on the road were due to heavy traffic, especially motor vehicles carrying sand. In this regard, the maintenance of the road was beyond the capacity of the Unit and the road had since been surrendered to RDA for upgrading. The expenditure was submitted totaling K47,771.48.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the current status of the road.

x. Heavy Grading and Spot Gravelling – 12 km Chisakila - Kabanana
The Controlling Officer submitted before your Committee that the Unit had worked on the road. The Controlling Officer, however, clarified that the funds for the above road were not varied from D482 Chiawa. The road had its own allocation amounting to K241,000. Your Committee was further informed that the scope of works was grading. However, the Unit could not carry out heavy grading and spot gravelling because the equipment was committed to another road. The total of K123,600 expenditure was submitted.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the current status of works.

xi. Grading and Gravelling – 30 km Ngómbe Illede Road
The Controlling Officer submitted that the Rural Roads Unit had worked on the Ngómbe Illede Road. However, the funds that were used, were from the grading of 20 km of other roads in chirundu amounting to K74,520. Nonetheless, the funds were not enough for other activities. Your Committee was informed that the defects observed and the installation of culverts where scheduled to be done upon receipt of funds for the road in the 2015 budget, unfortunately the funds were not released. The expenditure total for 2014 was K124,686.14.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to liaise with the Secretary to the Treasury to ensure that funds are released so that works are expeditiously executed. A progress report is being awaited by your Committee.

xii. Gravelling and Culvert Installation – 25 km Nampundwe Mine Road and 24km Situmbeko Chimbotela Road Nampundwe Mine Road
The Controlling Officer informed your Committee that the Rural Roads Unit had worked on the Nampundwe and Chimbotela roads using the 2013 budget funding. Your Committee was informed that the Nampundwe road was funded amounts totaling K267,514 while the Chimbotela road received funding in amounts totaling K208,593 from Shibuyunji and other roads. In view of the foregoing, the total funding for the two roads was K476,107. The Controlling Officer further submitted before your Committee that the defects on the Nampundwe road had since been worked on while Chimbotela road required more than just grading but regravelling. Therefore, this activity required more funding. The expenditure total for the two roads was K437,532.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to liaise with the Secretary to the Treasury to allocate adequate funds to facilitate the completion of the road. A progress report is being awaited by your Committee.

xiii. Heavy Grading and Spot Gravelling – Other Roads – D164 Makeni Road
The Controlling Officer submitted before your Committee that the Rural Roads Unit had worked on other roads on D164 Makeni using funds for the 2013 budget amounting to K134,073.

Your Committee was informed that the Unit carried out some spot regravelling but could not complete the works due to inadequate funds. The expenditure for road was K94,499.95.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to liaise with the Secretary to the Treasury to ensure that funds are released so that works are expeditiously executed. A progress report is being awaited by your Committee.

xiv. Grading and Spot Gravelling –27km - D170 Old Mumbwa Road
The Controlling Officer informed your Committee that the unit worked on the D170 Old Mumbwa road using the 2013 funds carried over amounting to K71,885. The defects observed had since been rectified and the road was ready for verification. The expenditure was submitted amounting to K64,080.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

xv. Failure to Insure Motors Vehicles and Specialised Equipment
The Controlling Officer informed your Committee that the insurance for motor vehicles and specialised equipment would be factored in the 2015 budget.
Accounting and Other Irregularities

72. An examination of accounting and other relevant records maintained at Lusaka Provincial Administration and a physical inspection of the projects carried out in April and August, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Failure to Produce Reports - K223,886

The Controlling Officer informed your Committee that after preliminary verification the total amount of K223,886 reduced to K114,816. Additionally, the amount further reduced to K29,183 which had since been effected for recoveries from the three officers.

Committee’s Observations and Recommendations

Your Committee observes that failure by the Officers to produce reports after undertaking field visits is an indictment on the administration as it is due to poor supervision. Your Committee, therefore, urges the Controlling Officer to take concrete steps to ensure that such reports are submitted within a given timeframe. The Controlling Officer is further urged to ensure that disciplinary action is instituted against the officers responsible for the omission. A progress report is being awaited by your Committee on the outstanding amounts.

b) Failure to Execute Funded Projects

The Controlling Officer submitted that there was a delay to clear the contracts which were submitted to the Ministry of Justice for clearance. The contracts were only signed towards the end of December 2014. Unfortunately, the funds for the projects were mopped at the end of the year by Ministry of Finance. Efforts were made to request for the funds to be reimbursed but to no avail.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to obtain Treasury Authority to retain the funds and in future, ensure that funds once received are promptly utilised for the intended purpose. A progress report on the current status of the projects is being awaited by your Committee.

c) Questionable payments of Certificates for Abandoned Works on the Rehabilitation of Dams

i. Rehabilitation of Sikongo Dam

The Controlling Officer submitted that Halifax Investments Limited, the Company that was engaged by contract to rehabilitate Sikongo dam in Chirundu District, began works on 30 December, 2013 and was expected to complete the work by 31st January, 2014. However due to the wet weather, the works were completed in February 2014. Therefore, as of June 2014 the Contractor had not necessarily abandoned the site but had left the site because he had completed the works and was waiting for the defect liability period (365 days) to elapse. Your Committee was informed that the additional payment of K90,214 paid to the Contractor was for the works done earlier in January and February 2014 as follows:
• K56,550 on Certificate Number 3 for the extension of the training wall on the left side of the Dam to prevent water from flooding the nearby village; and
• K33,663.49 on Certificate Number 4 for building the training wall for the spillway, soil excavation from the reservoir area to increase on storage, crest levelling and treatment of the ant hills on the dam wall.

On 3rd December, 2014 the Contractor made a request for the retention but the payment was put on hold because the defect liability period had not elapsed. Further a site inspection on May 5, 2015 revealed that there were some works that were not executed according to the specifications. This response was communicated to the Contractor in writing on 6th May, 2015. The completion certificate was issued on 7th August, 2015 after the site inspection on 16th June, 2015 showed that the Contractor had made the corrections that he was tasked to make. The corrections that the contractor was asked to make were; levelling of dam crest, treating of ant hills on crest, and patching up small gullies on main embankment and the contour ridge.

The final certificate was made and it was further recommended that the Contractor be paid the retention sum which had remained. The correct position on the dam was that all works as stipulated in the contract were fully and duly executed by Halifax Investments with regards to the rehabilitation of Sikoongo Dam. As of August, 2015 it was eighteen months after completion of the works by the Contractor and there was no need for him to remain on site.

Your Committee was informed that the shrubs in the spillway were meant to slow down soil erosion to avoid damage to the spillway through gullying like what had occurred to the old spillway.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

**ii. Rehabilitation of Zemba Zemba Dam**

The Controlling Officer submitted that as of August, 2015, the Contractor Lavio Construction Limited was not on site due to the fact that finances were being awaited to complete the works. He informed your Committee that a flush flood occurred on 13th February, 2014 as the Contractor was finalising the stipulated works as per the contract on Zemba Zemba Dam and it caused extensive damage to the training wall.

Your Committee was further informed that at the time of damage to the training wall, all the works had been done except for the headwall. However, the damaged training wall was not initially part of the contract works. This called for an assessment and subsequent variation request to include additional works for the reconstruction of the training wall as this was where the headwall would have to be anchored. The headwall would then support the drop structures which were part of the Contract and were done. The Zambia Public Procurement Authority and the Lusaka Province Procurement Committee have approved the variations request that were presented before them. The Department of Water Affairs has since written to the office of the Permanent Secretary requesting the Controlling Officer to seek for more funds to complete the project.

**Committee’s Observations and Recommendations**

Your Committee resolves to await a progress report on the matter.
OFFICE OF THE PRESIDENT - LUSAKA PROVINCE

AUDIT QUERY

PROGRAMME : General Deposit Account
ACTIVITIES : Various

PARAGRAPH 73

Accounting and Other Irregularities

73. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in August, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) State Funeral

i. Over Expenditure on State Funeral

The Controlling Officer submitted that your Committee of Permanent Secretaries, tasked the Lusaka Province Permanent Secretary, with the responsibilities of preparing the show grounds and the activities for the First Lady to join mourners at the show Grounds Main Arena on special chosen days. In this vain, renowned gospel musicians were engaged mainly because choral music counseled comforted and offered hope to the mourners. The understanding therefore, was that Cabinet Office was to refund the province for the expenditure incurred to hire musicians.

Committee’s Observations and Recommendations

In noting the response, the Controlling Officer is urged to ensure that the funds are reimbursed without any further delay to allow for the execution of activities that suffered as a result of this extra expenditure. A progress report is being awaited by your Committee.

ii. Stores without Receipt and Disposal Details - K109,040

The Controlling Officer explained that after verifications conducted by the external auditors the amount of stores without disposal details stood at K35,530. He further informed your Committee that disposal details for stores items valued for K5,000 had since been attached with disposal details and the balance of K30,530 was used to purchase one hundred and seventy-five pieces of Chitenge materials that were distributed to mourners that attended the state funeral programme for the late Republican President at the show grounds.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the traced disposal details are availed to auditors for verification and also to take disciplinary action against the officers who did not submit the relevant documentation to the auditors during the time of audit.

b) 50th Independence Anniversary Celebrations Investiture Ceremonies - K600,000

The Controlling Officer submitted that the total amount released from the Cabinet Office to cater for the independence celebrations was K783,250. In view of this, K600,000 and K183,250 was released towards the Jubilee Independence celebrations. Further, a remittance on EFTA No. 0001479 dated 28th August, 2014 from the Cabinet Office for the Independence Jubilee celebrations for the amount K183,250 was held in suspense account at ZANACO, Lusaka business centre. The Provincial Administration Office had made inquiries with the Zanaco, Lusaka business centre branch where the general deposit account for the Province was maintained. The Bank had only credited the account in February, 2015, therefore, bring the total release for the activity to K783,250. In view of the foregoing, the over expenditure therefore, did not arise.
Committee’s Observations and Recommendations

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

ii. Unretired Accountable Imprest - K11,952

The Controlling Officer informed your Committee that the imprest issued to the officers had since been retired and the documents were available for verification.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

OFFICE OF THE PRESIDENT - COPPERBELT PROVINCE

AUDIT QUERY: PARAGRAPH 74

DEPARTMENT : Infrastructure Development - PRP
PROGRAMME : Rural Roads Unit (RRU)

Accounting and Other Irregularities

74. An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects carried out in April and July, 2015 revealed weaknesses to which the Controlling Officer responded as set out below.

a) Undelivered Stores

The Controlling Officer submitted that the supplier managed to deliver the stores items amounting to K111,710 on 14th September 2014 and the difference of K41,250 was refunded by the insurance company through a cheque payment. Documentation was available for audit verification.

Committee's Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

b) Failure to obtain a Refund - K1,628,431

The Controlling Officer submitted to your Committee that it was regrettable that a contract sum of K1,628,431 was paid to Remus Industrial limited to supply a grader to Rural Roads Unit in the year 2013 within a specified period of eight weeks. Unfortunately, the supplier failed to deliver the Grader within the stipulated period. This unfortunate state of affairs prompted Provincial Administration to refer the matter to Attorney General for further action. Later on they were informed that this matter had been reported to the Drug Enforcement Commission (DEC). He also informed your Committee about the action taken in recovering these Public funds by the Drug Enforcement Commission. The Drug Enforcement Commission had seized a Land Rover Freelander, Registration Number ACX 5100, and a Trader Truck Registration Number ACL 7875 T. In addition, they were in the process of seizing a 50 hectare farm with a piggery, chicken run, kraal, vegetable garden and shelter for goats.

In his verbal submission, the Controlling Officer submitted that the matter was being followed up by both the Drug Enforcement and the Anti Corruption Commissions.
Committee’s Observations and Recommendations

Your Committee finds it highly irregular that an amount was paid in full without any proof of delivery. It is also observed by your Committee that the value of the items seized so far did not add up to the amount lost in this transaction. The Controlling Officer is, therefore, urged to ensure that he followed up the matter with the security wings and expedite the process so as to encourage more seizures to reduce the loss by government. Your Committee resolves to await a progress report on the matter.

c) Unaccounted for Fuel - K300,000

The Controlling Officer acknowledged that at the time of physical verification amounts totalling K300,000 was not utilised. He, however, stated that at the time of audit verification, a reconciliation of this fuel account could not be finalised because the filling station was closed awaiting change of ownership. Immediately after the new owners took office, Provincial Administration Office engaged the new owners to have the account reconciled. After the reconciliation fuel worth K300,000 was still available for use and the Rural Roads Unit (RRU) continued drawing fuel until the end of the year 2015 leaving a balance of K101,251.50. Following the new Government directive that Provincial Administration hands over Rural Roads Unit to Zambia National Service who had a separate budget line in the year 2016, they were left with no option but to request the filling station to refund the balance of K101,251.50.

Committee’s Observations and Recommendations

Your Committee expresses concern at the time it had taken the Provincial Administration Office to carry out reconciliation owing to the fact that without auditors unearthing it, the matter would have been left unattended to and thus cause losses on the part of Government. Your Committee urge the Controlling Officer to ensure that officers concerned are cautioned for this failure. Your Committee recommends the matter for closure subject to audit verification.

d) Poor project implementation

i) Rehabilitation of Kalulushi Township Roads

The Controlling Officer submitted to your Committee that erosion of Mwambashi road at kilometers 0.6 was caused by the run-off water coming from across the road. This point is recommended for culverts installation in order to solve the problem of water crossing the road. However, due to limited funds in the financial years 2014 and 2015, only grading works were done. At the time of audit verification the erosion was noticed and immediately the equipment was dispatched to backfill the erosion. To date, the only permanent solution should funds allow was to put up the culvets at this point.

Committee’s Observations and Recommendations

Your Committee observes with concern that over 50 percent of the funds meant for road works went to pay allowances. Your Committee finds it unacceptable that the road works are not even properly done because some funds were not used for the intended purpose. He is urged to ensure that the vice is brought to an end as it is retrogressive and contrary to the development agenda which is intended by government. He is further urged to ensure that funds are secured to put culvets at the affected area and your Committee awaits a progress report on the matter.

• Denovan Road

The Controlling Officer submitted to your Committee that the breakdown of the equipment delayed the completion of the 5.5 kilometer stretch on the Denovan road. It was true that at
the time of audit verification, works on the remaining 2.0 km stretch were not completed. However, after repair of the equipment all pending works on the remaining 2.0 kilometer stretch were finally completed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

OFFICE OF THE PRESIDENT - COPPERBELT PROVINCE

AUDIT QUERY: PARAGRAPH 75
PROGRAMME : Poverty Reduction Programmes (PRP)
ACTIVITIES : Various

Accounting and Other Irregularities

75. An examination of accounting and other records maintained at the Provincial Administration and selected districts and physical inspections of selected projects carried out in April, 2015, revealed weaknesses to which the Controlling Officer responded as set out below.

a) Failure to Establish Tree Nursery - K47,000

The Controlling Officer submitted to your Committee that according to their records, an amount totaling K50,000 was received specifically for the procurement of nursery materials and out of this amount, a total sum of K43,540 was spent on procurement of nursery materials leaving a balance of K6,460. Based on this background, he stated that there was no excess expenditure reported. Further he informed your Committee that another amount of K40,000 was received specifically meant for the establishment of nursery tree during the year under review and out of this amount a total sum of K29,355 was spent on procurement of materials and training of officers in nursery tree planting leaving a balance of K10,645. The request to have these funds retained in the financial year 2015 was not approved. However, at the time of audit verification the nursery plants were not available because the trees had already matured way before the audit verification and according to the objectives of this programme, once the plants were fully matured, distribution should immediately be made to the beneficiaries as per attached list of beneficiaries. As for the equipment procured, he submitted that tools such as wheel barrows and shovels were procured and the equipment was available for physical verification.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

b) Water Affairs Department

The Controlling Officer submitted to your Committee that indeed a total of K350,000 was budgeted for in the year 2014 for the drilling of boreholes in Masaiti District. A total of K318,552 was released on 24th November 2014 for the drilling of boreholes out of which K39,908.52 was spent leaving a balance of K278,644.17 which was later mopped up at the end of the year 2014.

He also added that was also true that the department spent K27,634 on fuel and lubricants (K11,310 on diesel and K16,054 on lubricants) which included engine oil, hydraulic oil, compressor oil, transmission oil and grease was meant for servicing of the drilling rig, compressor and supporting trucks in preparation for drilling. The machinery, equipment and trucks were all serviced. The fuel was for initial borehole preparatory activities such as site visitations, verifications and siting. He further informed your Committee that tender processes for the procurement of borehole drilling
materials commenced and authority was granted on 9th December 2014. It was unfortunate that the supplier could not deliver on time before the funds were mopped up and at the same time he stated that Provincial Administration could not pay the supplier before delivery. Authority to retain these was not granted.

**Committee’s Observations and Recommendations**

Your Committee notes the reasons given and sadly observes that the funds were released late in the year and no authority was granted to the Provincial Administration by the treasury to retain the funds owing to the fact that the process of tendering is too long to be done within a month. The Controlling Officer is urged to ensure that he liaised with the Secretary to the Treasury strongly on such matters so as not to deprive the suffering masses of their accrued benefits. He is further urged to ensure that funds are secured to accomplish the intended goals as works will still remain outstanding in this district. Your Committee resolves to await a progress report on the matter.

c) **Road formation in Resettlement Schemes-Kambilombilo**

The Controlling Officer submitted to your Committee that according to the Provincial Administration Work Plans, works on the 27 kilometres stretch was earmarked to be completed in a period of two years. Therefore, the K106,000 funding received in the year 2014 was meant to cater for the 12.8 kilometres stretch representing 47 percent of the total 27 km being the target for the year 2014 under phase one and the remaining 14.2 kilometres stretch as phase two was earmarked for the year 2015. Unfortunately, works for the 2nd phase were not funded despite having been approved in the year 2015 budget. He further informed your Committee that there was a period of 12 months between the time when these works were initially carried out and the time when the auditors went on the ground to carry out physical verifications. He further stated that this 12 months period covered a full rainy season coupled with very little traffic on this road thereby making the road surface prone to overgrown grass. He also added that the 12.8km stretch overgrown by grass was cleared again in August 2015.

**Committee’s Observations and Recommendations**

In noting the submission, your Committee urges the Controlling Officer to ensure that funds are secured for the road to be worked on conclusively as light grading would not help in eradicating the problem. As this road is mainly aimed at creating a resettlement scheme, it is important that plans are laid for it to be upgraded to bituminous standard in order to open the area for meaningful development. Your Committee awaits a progress report on the matter.

**OFFICE OF THE PRESIDENT - COPPERBELT PROVINCE**

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**Accounting and Other Irregularities**

76. An examination of accounting and other records maintained at the Provincial Administration and District offices carried out in March and July, 2015, revealed weaknesses to which the Controlling Officer responded as set out below.
a) Unretired Imprest - K82,001

The Controlling Officer submitted to your Committee that seven officers with amounts totaling K36,015.62 retired their imprest while the remaining nine officers with a total unretired imprest amount of K45,985.38 had recoveries already effected from their salaries.

Committee’s Observations and Recommendations

In noting the submission, your Committee urges the Controlling Officer to ensure that disciplinary action is taken against erring officers and your Committee awaits a progress report on the matter.

b) Unaccounted for Fuel - K74,665

The Controlling Officer submitted to your Committee that the receipts and disposal details were now available for verification.

Committee’s Observations and Recommendations

In noting the submission, your Committee urges the Controlling Officer to ensure that disciplinary action is taken against erring officers. Your Committee awaits a progress report on the matter.

c) Failure to insure Buildings and Equipment

The Controlling Officer submitted to your Committee that most equipment purchased in the year 2014 were not insured. However, he informed your Committee that due to limited budget ceilings given by the Treasury, they found it difficult to include this component in the budget for the financial years 2014, 2015 and 2016.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that there is no budget provision for insurance of buildings which is highly irregular. The Controlling Officer is urged to ensure that a budget provision is made for insurance cover for all assets including all buildings and equipment in the ministry’s custody so as to secure them from any unforeseen losses in case of a calamity. Your Committee awaits a progress report on the matter.

d) Operations of District Commissioners Offices

i) Irregular Use of Accountable Imprest

The Controlling Officer submitted to your Committee that Mpongwe and Kalulushi District Commissioners’ Offices drew accountable imprest amounting to K4,950 and K4,545 respectively for the provision of goods and services. However, the vendors in these districts prefer cash to cheques since they were not yet well established and do not maintain any bank accounts.

Committee’s Observations and Recommendations

Your Committee finds this practice unacceptable as it may lead to officers to engage in fraudulent activities if allowed to continue. The Controlling Officer is urged to ensure that the practice is discontinued by way of issuing a circular to that effect to remind all officers of punitive action to be taken against failure to adhere to the directive. Your Committee, however, resolves to close the matter subject to audit verification.
ii) Unaccounted for Stores

The Controlling Officer submitted to your Committee that the amounts on stores and fuel were not properly accounted for due to the fact that District Commissioners’ offices did not have receipts and disposal details. He informed your Committee that District Commissioners’ offices did not have a position for a qualified stores officer on their establishment hence this reported irregularities in as far as stores management was concerned. As for the stock items referred to above, he assured your Committee that these stock items were utilized on Government work. However, Provincial Administration planned to orient all the District Commissioners in Stores management to avoid similar irregularities in future.

Committee’s Observations and Recommendations

Your Committee finds the reason given by the Controlling Officer unacceptable as the same officers purport to be incompetent are issuing yet failing to account for the stock releases which is questionable. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken to these erring officers and that all documents are traced without any further delay. Your Committee awaits a progress report on the matter.

OFFICE OF THE PRESIDENT - COPPERBELT PROVINCE

AUDIT QUERY

PARAGRAPHS 77

PROGRAMME : Personnel Emoluments
ACTIVITIES : Various

Accounting and Other Irregularities

77. An examination of accounting and other records maintained at the Provincial Administration and selected stations carried out in April and September, 2015, revealed weaknesses to which the Controlling Officer responded as set out below.

a) Irregular Payment of Rural and Remote Hardship - K174,055

The Controlling Officer confirmed before your Committee that at the time of the audit, 24 officers were drawing rural and remote hardship allowance on the Copperbelt Provincial Administration payroll. It was regrettable that Sixteen (16) of these officers, were serving in urban stations and therefore did not qualify for the rural hardship allowance. Action had since been taken as indicated below:

- Five (5) officers had been moved to appropriate positions not paying rural hardship allowance, and recoveries effected for the period the officers received the rural hardship allowance wrongly.

- Rural hardship allowance for eleven officers has been stopped and recoveries effected for the period the officers received the rural hardship allowance wrongly.

He also submitted that eight of the queried officers were at the time of the audit serving in rural stations and were correctly receiving rural hardship allowance. The officers were serving in Masaiti, Mpongwe and Lufwanyama Districts which according to Circular No. B2 of 2010 were in category D. Circular No. B2 of 2010 stipulated that a station which was between 0 – 15 Km from the nearest District Centre for category D qualified as a rural station.
Committee’s Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that the end-users in the ministry monitored such irregularities to avoid recurrence. Additionally, he is urged to ensure that he liaises with the Secretary to the Treasury to resolve all payroll related matters without any further delay as the system has proved problematic in many instances. Your Committee resolves to await a progress report on the matter.

b) Irregular Payment of Acting Allowance

The Controlling Officer admitted before your Committee that at the time of audit, twenty-two officers were drawing acting allowance and the officers had acted for periods longer than six months and some for as long as fourteen months. However, he informed your Committee that at the time of the audit recommendations for promotions for eighteen officers had already been submitted to Public Service Management Division and their promotions were being awaited. The acting authority for four officers were to act for administrative convenience and not with a view to be promoted, the acting authority was not restricted to six months and the Terms and Conditions of Service do not specify the period that an officer can act for administrative convenience. The acting allowance paid to these officers during the acting period was therefore valid. Suffice to say that a decision would be made in due course on the acting status of these officers.

Committee’s Observations and Recommendations

Your Committee observes with concern that officers’ payment of acting allowance is effected on their payslips before authority was granted from PSMD which your Committee finds irregular. The Controlling Officer is cautioned to abide by the Terms and Conditions of Service whenever promotions had to be processed in the ministry. The matter is recommended for closure subject to audit verification.

c) Introduction to Payroll Without Authority

The Controlling Officer submitted to your Committee that it was true that two officers were placed on the Provincial Administration Copperbelt Payroll without authority and were not known by the respective departments. His office took the appropriate measures as guided by the Payroll Management and Establishment Control (PMEC) for such cases and requested (PMEC) to lock the two officers’ salaries as they were not known. Following the locking of the two officers, the Permanent Secretary Ministry of Home Affairs in minute MHA/4944 dated 30th September, 2014 requested that one of the officers be unlocked. In minute CBPPA 71/6/9 the Permanent Secretary Ministry of Home Affairs was informed that the request was not supported and he was advised to find an appropriate payroll position for her in Lusaka where he had indicated she was based. The officer was eventually removed from the Copperbelt Provincial Administration payroll in June, 2015.

The follow up on the instruction by the Permanent Secretary for Home Affairs was not supported and in minute CBPPA/71/6/9 the Controlling Officer referred the matter to the appropriate office responsible for placement of Accountants, the Office of the Accountant General to have it resolved. To date, the Controlling Officer had not received a response and the other officer remained locked on the Copperbelt Provincial Administration payroll. A follow up had since been made with the office of the Accountant General. Another officer was appointed on 25th November, 2014 as a driver following the retirement of one officer who retired with effect from 30th May 2014. A request for employment was submitted to the Permanent Secretary Public Service Management Division in June, 2014. However by November, 2014 the authority had not been issued.

The position was for the District Administration Office in Lufwanyama and there was urgent need to replace the retired driver to enable the District Commissioner effectively monitor the District. In
addition, there was fear that the position would lose Treasury Authority by December 31st 2014 if the position was not filled. Consequently, the Controlling Officer’s Office issued an offer letter to a new officer while waiting for the authority to employ from the Division.

Committee’s Observations and Recommendations

Your Committee observes with great concern the weaknesses on the Payroll Management System where rights to include staff on a payroll for MPSAs were held by both the end-users of that particular MPSA and the super end-users at headquarters. Your Committee finds this unacceptable and hence urged the Controlling Officer to ensure that all payroll related matters were dealt with expeditiously by way of reporting the weaknesses associated with it to the Secretary to the Treasury. Your Committee also urges the Controlling Officer to ensure that the matter related to officers who were erroneously put on their payroll system was rectified without any further delay and your Committee resolves to await a progress report on the matter.

OFFICE OF THE PRESIDENT, CENTRAL PROVINCE

AUDIT QUERY
PROGRAMME : General Administration
ACTIVITIES : Various

Accounting and Other Irregularities

78. An examination of accounting and other records maintained at the Provincial Administration and selected district offices carried out in February, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Misapplication of Funds - K314,884

The Controlling Officer informed your Committee that the annual budget ceilings for the Provincial Administration for the year 2014 remained unchanged from 2013. She explained that the Province was not funded in full during the year under review. The Controlling Officer informed your Committee that some funds were never released thus, creating pressure on the Provincial Administration to execute planned programs. This resulted in the need to apply for the variation of funds from the Secretary to the Treasury. Regrettably, however, the funds were spent in anticipation that Treasury Authority would be granted. This was owing to the fact that the Provincial Administration was funded for the procurement of motor vehicles. Nonetheless, the funds were not enough, hence the need to vary them. The Controlling Officer further informed your Committee that the activity 003 Office Administration which was meant for the sinking of boreholes was not utilised because the activity was carried out by the World Bank. She, however, assured your Committee that in future no funds would be varied before Treasury Authority was granted.

Committee’s Observations and Recommendations

Your Committee expressed disappointment at the Controlling Officers failure to ensure that the accountants under her office followed financial regulations regarding the variation of funds. Your Committee cautions the Controlling Officer to desist from applying funds against budgeted activities without Treasury approval in future. Your Committee awaits a progress report on retrospective authority yet to be granted.

b) Under Deduction of PAYE - K26,877

The Controlling Officer submitted that the four (4) officers in question were retired and paid their dues in full, therefore, making it impossible for the office to recover the difference from the officers.
Going forward, however, with the guidance from the Zambia Revenue Authority, the Controlling Officer informed your Committee that her office would endeavor to deduct tax from all chargeable emoluments accurately.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the Government’s loss of funds and possible inability to implement planned projects resulting from this serious breach of financial regulations. Your Committee observes that the under deduction of the Pay As You Earn (PAYE) is an act of gross negligence on the part of the accounting officers at the Provincial Administration Office. In this regard, the Controlling Officer is urged to raise a loss report to allow this money to stand as a charge as well as take disciplinary action against the officers who caused this loss to the Government. They await a progress report on the matter.

c) **Unaccounted for Stores - K109,946**

The Controlling Officer submitted that receipt and disposal details for various stores items costing K109,946, procured during the period under review, were available.

**Committee’s Observations and Recommendations**

Your Committee observes that the failure to avail stores records at the time of the audit is a very serious omission as it is not possible to establish whether the store items were procured or not. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against the officers responsible for the omission. The Controlling Officer is, further, urged to ensure that the said stores records are immediately availed to the Office of the Auditor General for verification after which the matter will be closed.

d) **Failure to Produce Reports - K68,523**

The Controlling Officer informed your Committee that activity reports for imprest payments in amounts totalling K68,523, issued to the three officers was available.

**Committee’s Observations and Recommendations**

Your Committee observes that monitoring reports are management tools meant to assist management to make decisions and failure to produce such reports in a timely manner is highly unacceptable and tantamount to wasteful expenditure. In this regard, the Controlling Officer is urged to ensure that disciplinary action is taken against the officer(s) who delayed in submitting the reports. The matter is recommended for closure subject to audit verification.

e) **Misapplication of Cattle Restocking Funds - K106,571.41**

The Controlling Officer submitted that her office resolved to recover these funds from the concerned Districts’ RDCs effective March, 2015 funding. So far K40,000 had been recovered from March and August, 2015 RDCs. Below was the status quo regarding this matter as per the attached letter to the Districts.
<table>
<thead>
<tr>
<th>District</th>
<th>Funding (K)</th>
<th>Amt Spent on activity (K)</th>
<th>Funds recovered (K)</th>
<th>Funds yet to be recovered (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chitambo</td>
<td>36,000</td>
<td>21,260</td>
<td>14,740</td>
<td></td>
</tr>
<tr>
<td>Serenje</td>
<td>36,000</td>
<td>11,998</td>
<td></td>
<td>24,002</td>
</tr>
<tr>
<td>Kabwe</td>
<td>36,000</td>
<td>20,000</td>
<td>16,000</td>
<td></td>
</tr>
<tr>
<td>Chibombo</td>
<td>36,000</td>
<td>20,000</td>
<td>16,000</td>
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<tr>
<td>Total</td>
<td>144,000</td>
<td>33,258</td>
<td>40,000</td>
<td>70,742</td>
</tr>
</tbody>
</table>

Committee’s Observations and Recommendations

Your Committee expresses concern and cautions the Controlling Officer against diverting funds without Treasury authority. Your Committee observes that the funds being recovered are not budgeted for in the 2015 and 2016 budgets and would, therefore, result in excess expenditure. The Controlling Officer is urged to ensure that a provision is made for supplementary expenditure in order to regularise the transaction. Your Committee awaits a progress report on the matter.

OFFICE OF THE PRESIDENT- NORTHERN PROVINCE

AUDIT QUERY

PARAGRAPH 79

PROGRAMMES : General Administration
ACTIVITIES : Various

Accounting and Other Irregularities

79. An examination of accounting and other records maintained at the Provincial Administration carried out in March 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Questionable Debits on the Bank Statements - K34,529

The Controlling Officer informed your Committee that after thorough scrutiny, it was discovered that only four transactions were actually wrong debits. In this regard, a letter was written to the bank requesting it to reverse the wrong debits. This had since been done and the relevant documentation was availed for verification. Additionally, the other eleven transactions perceived as wrong debits were discovered to be either debits already reversed by the bank or entries entered in the Cash Book but not seen by the auditors.

Committee’s Observations and Recommendations

Your Committee expresses concern at the length of time it took for the Provincial Administration Office to rectify the transaction with the Bank despite being highlighted by the auditors during the time of audit. Your Committee further observes that there is failure by the accountants tasked with the responsibility of bank reconciliations to identify the wrong entries on time. The Controlling Officer is, therefore, urged to ensure that disciplinary action is taken against the erring officers and that verifications of the other transactions be done without further delay. A progress report on this matter is being awaited by your Committee.

b) Misapplication of Funds - K60,000

The Controlling Officer explained that in the 2014 Estimates of Revenue and Expenditure, the department of Community Development in Northern Province had K120,500 meant for the procurement of a utility vehicle and these funds were released in November 2014. However, the funds were not adequate to buy a durable vehicle and this prompted the Head of Department to seek authority from the Controlling Officer to vary funds, in order to enable the department purchase a
durable vehicle. The variation of the K60,000 was based on the guidelines in the 2014 Yellow Book (General note number 2 (a) and 2 f (i)) which stated that MPSA’s may transfer funds between programmes or activities. In this particular case, the variation was made from programme 6007 (Dismantling of Arrears) to programme 6039 (Transport Management).

Committee’s Observations and Recommendations

Your Committee strongly cautions the Controlling Officer to desist from misapplying funds as approved programmes and activities by Parliament may not be implemented because resources are diverted to unplanned for activities. The Controlling Officer is urged to ensure that funds are reimbursed without any further delay. A progress report is being awaited by your Committee.

c) Missing Payment Vouchers - K20,719

The Controlling Officer regretted to inform your Committee that the payment vouchers cited in the Audit Report had been mis-filed in the Records Room. However, the payment vouchers in amounts totaling K20,719 had since been traced and the officer in charge of the Records Room had been severely warned against misfiling documents.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

d) Unsupported Payments - K22,57

The Controlling Officer submitted that the supporting documents for the four payments in amounts totaling K21,571 had, currently, been attached to the payment vouchers.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

e) Irregular Payment of Retention Allowances - K7,500

The Controlling Officer submitted that the matter was resolved with auditors.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

f) Irregular Payment of Loading and off-loading Allowance - K9,680

The Controlling Officer submitted that four nights were paid to officers on first appointment as off-loading and loading because the Terms and Conditions N0. 54 only stated that an officer was entitled to subsistence allowance but did not state the number of nights which should be paid to an officer on first appointment. The Controlling Officer, however, appreciated that four nights could only apply to officers on transfer and not on first appointment. Therefore, relevant officers were written to and advised to refund the money. Recoveries were being made from their salaries.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers and ensure that this anomaly does not repeat itself in future. Your Committee resolves to await a progress report on the recoveries made.

g) Unaccounted for Stores - K88,628

The Controlling Officer submitted that stores worth K88,628 could not be accounted for at the time of inspection because receipts and disposal details were not attached. Nonetheless, K18,461 worth of stores had since been supported with relevant documents. However, documents for stores worth K70,167 were either misplaced or lost. The erring officer was charged and the entire amount would be deducted from his salaries.

Committee’s Observations and Recommendations

Your Committee observes that this is an indication of poor internal controls and supervision at the Provincial Office. It expresses concern that the misapplication or loss of documents for stores is an indication that purchased stores may not have been received and used for the intended purposes. The Controlling Officer is strongly urged to take drastic steps to strengthen the internal controls at the Provincial Administration Office. Your Committee resolves to await a progress report on the matter.

h) Failure to Report Theft of Laptop

The Controlling Officer submitted that the laptop which was stolen on 20th October, 2014 was reported to the Police on the same date. However, the Police report was only availed to the officer on 10th August, 2015. The Police report was availed for verification and your Committee was informed that a Loss Report has since been prepared.

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

i) Misappropriation of Fuel (Drawn by Non Runner Vehicles) - K4,767

The Controlling Officer submitted that the two vehicles in question were erroneously classified as non-runners by the Controller of Government Transport when in fact they were on and off the road and were used in times when the office was hit with critical shortage of transport. Log Books indicating that the vehicles were running during the period under review are available.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

j) Funding not Received - Grants to Institutions - K50,000

The Controlling Officer submitted that after making consultation with the Ministry of Finance, it was discovered that the funds had been mopped. Fortunately, the Provincial Administration had lobbied for a speedboat and this had since been delivered to Chilubi District.
Committee’s Observations and Recommendations

Your Committee strongly cautioned the Controlling Officer against ignoring the implementation of approved activities by Parliament. The matter is, however, recommended for closure subject to audit verification.

k) Failure to Report Accident - Nsama District

The Controlling Officer submitted that the case was reported to the Standing Accidents Board; however, deliberations had not taken place as at the time of audit because it was earmarked for December, 2015 to cover all accidents. In this regard, the deliberations took place on 17th December, 2015 and the officer was charged the applicable costs and severely warned on the habit of driving himself on long distances failure to which his driving authority would be withdrawn. As for the claim, it had been made from the Insurance Company but the Company delayed to honour it. However, the claim had since been honoured on 25th January, 2016 and records were available for verification.

There was additional information provided by the Auditor General’s Office during your Committees sitting that the suspension of an officer was because he fraudulently forged the Zambia State Insurance receipt and sold the motor vehicle in question.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that the matter is reported to law enforcement agencies for further probing without any delay as fraud is involved which is punishable by law. In this regard, your Committee resolves to await a progress report on the matter.

OFFICE OF THE PRESIDENT – NORTHERN PROVINCE

AUDIT QUERY

PROGRAMME : Rural Roads Unit (RRU)
ACTIVITIES : Various

Accounting and Other Irregularities

80. An examination of accounting and other records maintained at the Provincial Administration and inspection of selected projects carried out in April 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Rehabilitation of Feeder Roads – Mipita Lundu Road

The Controlling Officer confirmed that K735,948 was allocated for the rehabilitation of 37km of Mipita - Lundu Road in Luwingu District. However, only K514,850 was released by the Treasury during the period under review leaving a balance of K221,098. In this regard, the amount released was not sufficient to undertake the budgeted works of K735,948.

Committee’s Observations and Recommendations

Your Committee expresses concern at the poor workmanship on the 28 km stretch by the Rural Roads Unit. The Controlling Officer is urged to ensure that the remaining works are carried out without any further delay and that he liaises with the Secretary to the Treasury to ensure that the remaining funds are released in order to complete the works. In this regard, your Committee resolves to await a progress report on the matter.
b) Rehabilitation of Kalaba Kalanda Feeder Road – Kaputa District

The Controlling Officer submitted that a physical inspection carried out in October, 2015, by the auditors and accountants, revealed that the entire 12 km had been graveled and compacted. However, the construction of the drainage structures was not carried out because the 2014 funding for the project was not released.

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

OFFICE OF THE PRESIDENT-NORTHERN PROVINCE

AUDIT QUERY

PROGRAMME : General Deposit Account
ACTIVITIES : Various

Accounting and Other Irregularities

81. An examination of accounting and other records maintained at the Provincial Administration Office carried out in March, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Failure to Reimburse Borrowed Funds -

The Controlling Officer confirmed that that K1,437,426 was borrowed from the General Deposit Account for Administrative activities. This was due to the challenges of funding during the period under review. However, the K127,358 which was not reimbursed at the time of audit had since been reimbursed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

b) Missing Payment Vouchers - K22,320

The Controlling Officer submitted that the two payment vouchers cited in the Audit Report had been misfiled in the Records Room. However, they had since been traced and the Officer -in -Charge of the Records Room had been warned against misfiling the documents.

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

c) Unsupported Payment - K6,000

The Controlling Officer informed your Committee that the acquittal sheet was given to the officer responsible for retirements however, the officer did not avail the documentation for verification. Your Committee was informed that the Officer had been charged and that the amount would be deducted from his salary.
Committee’s Observations and Recommendations

The Controlling Officer is urged to ensure that all payments are supported by relevant documentation at all times and that disciplinary action is taken against erring officers. A progress report on the recoveries made is being awaited.

d) Unaccounted for Fuel - K17,080

The Controlling Officer submitted that receipts and disposable details for Stores costing K17,080 have since been attached to the payment vouchers. The documents queried in the report were still with the department of Water Affairs and Rural Roads Unit at the time of audit.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

e) Failure to Implement Planned Activities - K1,226,187

Concerning the clearing of canals at Chilubi Harbour, the Controlling Officer informed your Committee that the queried amount of K23,350 had since been transferred to the Chilubi District Commissioner’s account on Cheque number 004814. Further, on the airport terminal landscaping, the Controlling Officer submitted that the queried amount of K15,248.59 had since been utilized for landscaping at the Airport Terminal. Furthermore, regarding the building materials for the construction of chiefs’ palaces, the Controlling Officer explained that the building materials had since been procured by the suppliers and the Zambia Nations Service (ZNS) had been engaged to supervise all the works and were currently on site.

Committee’s Observations and Recommendations

Your Committee expresses concern that even where funding was available, there was lack of commitment in expediting the implementation of the projects. Your Committee reminds the Controlling Officer that other equally important Government projects are being delayed and in some instances not implemented at all due to lack of funding and, therefore, it is unacceptable that the Provincial Administration did not implement these projects despite receiving the necessary funding. The Controlling Officer is strongly urged to ensure that the projects are expeditiously completed and that there is enhanced supervision of works to avoid poor workmanship. Your Committee resolves to await a progress report on the matter.

f) Construction of Access roads in Mwange Youth Resettlement Scheme

The Controlling Officer informed your Committee that the K662,839.55 which was released was meant for undertaking works in phase one which involved bush clearing, road formation and sport gravelling on a stretch of 26.4 km. In this regard, the funding was not meant to fully gravel the 35 km stretch.

Committee’s Observations and Recommendations

Your Committee was further informed that the remaining works were scheduled to be carried out in phase two depending on the release of funds by the Ministry of Youth and Sports.

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.
Accounting and Other Irregularities

82. An examination of accounting and other documents maintained at the Provincial Administration and a physical inspection of selected projects carried out in April, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Failure to Deliver a Generator - K7,200

The Controlling Officer confirmed that on 30\textsuperscript{th} December, 2014, the Provincial Administration Water Affairs Department paid K7,200 to Equals Specialised Supplies Limited for the procurement of a Generator Set.

However, it was later discovered that the Generator Set supplied was a wrong one, resulting in the department rejecting it. The supplier had promised to deliver the correct Generator Set. However, despite several reminders, the Generator Set had not been delivered. Consequently, the department had reported the matter to the Police.

Committee’s Observations and Recommendations

Your Committee finds the explanation unacceptable as it is unlikely that all the staff involved in the procurement process including internal auditors, accounting staff and signatories are ignorant of the procurement guidelines. The Controlling Officer is, therefore, urged to ensure that procurements are carried out in accordance with procurement guidelines. A progress report on the matter is being awaited by your Committee.

b) Fish Cages – Livestock and Fisheries Development

The Controlling Officer explained that following the successful assembling of the cages and launching on the lake (Lake Chila in Mbala District), the project temporarily stalled due to concerns that were raised on the environment as well as the water body.

The assembled cages were laid idle on the lake without stocking them with fingerlings due to concerns that arose that, artificial feed would pose environmental challenges within the water body as well as along Lucheche River (the lake of which was the source).

In this regard, correspondences to the Department of Fisheries Headquarters were to this effect done and a team of experts was dispatched from Chilanga to Lusaka for environmental data collection from Lake Chila. The team had since compiled an Environmental Impact Brief Report for onward submission to the Zambia Environmental Management Agency (ZEMA). The Ministry was also waiting for ZEMA to give a go ahead to stock the cages with fingerlings. Your Committee was further informed that it was during this period of waiting for the EIA that the netting was stolen from the cage assembly. The matter was reported to the police and investigations were instituted. Nonetheless, the netting material for the replacement on the cages was in place at the Provincial Fisheries Office and the fingerlings were readily available at Misamfu Fisheries Research for the stocking exercise once an EIA report was ready and in the affirmative to proceed.

The Controlling Officer submitted that cages had been docked at the ZAF- LAKEZ on Lake Chila Shores in Mbala. Furthermore, the cages for Lake Bangweulu in Chilubi District had been
assembled and launched on the lake. Based on the EIA that was conducted for the Kambashi Bream Fisheries on Chilubi Island, the site was suitable and cages were ready for stocking.

Committee’s Observations and Recommendations

Your Committee expresses concern that the provincial Administration over looked the importance of compiling an Environmental Impact Brief before the commencement of the projects. Your Committee requests for an update on the current status of the fish project as the situation is not clear as to what the way forward is. The Controlling Officer is directed to ensure that a status is given to auditors for verification without further delay. Your Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT – NORTHERN PROVINCE

AUDIT QUERY

PROGRAMME : Personal Emoluments
ACTIVITIES : Various

Accounting and Other Irregularities

83. An examination of accounting and other records at the Provincial Administration and selected districts carried out in February, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Transport Allowance paid at Wrong Rates - K7,910

Controlling Officer informed your Committee that the five officers who were said to have been over paid transport allowance were all serving suspensions. Your Committee was informed that, according to the Payroll Management and Establishment Control, suspension on half salary only affected the basic pay while the allowances were paid in full. This had also been confirmed by the Director, Payroll Support Services Division at the Public Service Management Division (PSMD). The letter from the Director (PSSD) and the officer’s suspension letters were available for verification.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.

b) Overpayment of Housing Allowances - K54,088

The Controlling Officer informed your Committee that the officers’ cited to have been over paid housing allowances were serving suspensions on half salaries, thus, the housing allowances were paid in full.

Your Committee was informed that this was in accordance with the payroll analysis carried out by the Director; Payroll Support Services Division at Public Service Management Division (PSMD). The letter from the Director was available for verification.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.
c) **Misplacement of Officers and Excess Staff - 40**

The Controlling Officer explained that this was as a result of the restructuring of the Department of Community Development. Some officers who were not taken on in the new structure had been maintained on the old one. However, the Provincial Administration was waiting for further instructions from the Ministry of Community Development and Social Services.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that placements are done in accordance with the existing establishment as a deterrence measure for this anomaly. A progress report on the matter is being awaited by your Committee.

d) **Misplacement of Payroll Area - K4,406,339**

The Controlling Officer submitted that the payroll transfers had since been effected and officers had been placed on their respective payrolls.

**Committee’s Observations and Recommendations**

Your Committee notes the submission but urges the Controlling Officer to ensure that the payroll management system is revisited to avoid such anomalies. The matter is recommended for closure subject to audit verification.

e) **Irregular Payment of Housing Allowances - Accommodated Staff**

The Controlling Officer informed your Committee that the payment of Housing Allowance for one officer had since been stopped and recoveries had been effected. However, the total amount paid to the other Officer as Housing Allowance had been indicated on the Casualty Form to be recovered from her gratuity since her contract had come to an end.

**Committee’s Observations and Recommendations**

Your Committee notes the submission and resolves to await a progress report on the outstanding amount.

f) **Irregular Payment of Rural and Remote Hardship Allowances - K705,606**

The Controlling Officer informed your Committee that 175 officers queried were entitled to receive Rural and Remote Hardship Allowances as the stations at which the officers were serving had been indicated to justify the payment of the allowances. The schedule was available for verification.

With regard to the officers under the Department of Civil Aviation, your Committee learnt that the anomaly was observed and the Provincial Administration had written to the Director, Payroll Support Services Division in December 2012, seeking clarification on the matter. However, a response had not been received to date. A follow up has been made and a response was still being awaited.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to act promptly on the matter as a response is still being awaited two years later. The Controlling Officer is urged to ensure that all payroll issues related to the payment of rural hardship allowances are resolved expeditiously. A progress report on the matter is being awaited by your Committee.
g) **Failure to Recover Tuition and Salary Advances - K117,395**

The Controlling Officer submitted that the tuition and salary advance recoveries had since been effected from the salaries of the affected officers in amounts totalling K40,895.

Regarding the two officers owing an amount totalling K31,000, letters had been written to Line Ministries in an effort to help recover the funds on behalf of Northern Province. With regard to the other six officers owing an amount of K34,500, your Committee was informed that recoveries would commence as soon as their net pay improved. However, they had been suspended from receiving any further advances.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to ensure that the responsible officers effected the recoveries on time and finds it unacceptable for the Controlling Officer to have allowed officers whose threshold had reached the limit to acquire additional salary advances. In this regard, the Controlling Officer is urged to ensure that the erring officers are disciplined and that the recoveries on the outstanding amounts are effected. A progress report on the matter is being awaited by your Committee.

h) **Issuance of Subsequent Salary Advances - K148,092**

The Controlling Officer submitted that eight officers had applied for Tuition Advances for amounts totaling K121,592. However, given that the amounts applied for were quite huge, the Loans and Advances Committee decided to pay part-payments in order to accommodate other applicants as well. One beneficiary who got K1,000 paid cash and was issued with a receipt and later obtained another advance for K2,000. Three other officers were paid salary advances subsequently amounting to K23,500. The officers who approved the Salary advances contrary to the Terms and Conditions of Service had since been charged and severely warned.

**Committee’s Observations and Recommendations**

The Controlling Officer is urged to strengthen internal controls in order to avoid the issuance of subsequent salary advances to officers with outstanding allowances as required by financial regulations. The Controlling Officer is further urged to ensure that funds are recovered from the affected employees without any further delay. A progress report is being awaited by your Committee.

i) **Officers with Net Pay Less than 40% of Basic Pay**

The Controlling Officer submitted that officers cited to have a net pay of less than 40 percent of their basic pay were all on first appointment and did not indicate the bank account numbers on their arrival advice forms. Your Committee was informed that according to the Payroll Management and Establishment Control (PMEC), if the account number was not provided, the net pay would be withheld.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure as the Auditor General’s Office had verified and resolved the matter.
84. An examination of accounting and other records maintained at the Provincial and District Administration carried out in February, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unsupported Payments - K48,627**

The Controlling Officer submitted that ten payment vouchers in amounts totalling K48,627 had been adequately supported and were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officers for this failure. Your Committee awaits a progress report on the matter.

b) **Misapplication of Funds**

The Controlling Officer submitted that settling-in allowances were budgeted for and paid under Programme 6001- General Administration while Leave Benefits were budgeted for under programme 6007- Dismantling of Arrears under activity 002- Personnel Related Arrears which were programmes under the Recurrent Departmental Charges in the year 2014. Therefore, the payment of settling-in allowance was in order. Going forward, all District Commissioners and Heads of Government Departments had been advised to strictly adhere to the approved budgets.

**Committee’s Observations and Recommendations**

Your Committee does not accept the reason given as there is no clear explanation given at the time of audit and besides, there is no authority granted for this variation. Your Committee finds the reason misleading as the Controlling Officer has asked the District Commissioner to adhere to approved budgets which is clear that there is a misapplication. Your Committee strongly urges him to ensure that he enhanced his monitoring mechanisms and ensure that the appropriation Act of 2013 was not abrogated by his officers and that stiffer punishment was taken against all the erring officers.

c) **Wasteful Expenditure – Recruitment of Unauthorised Officers**

The Controlling Officer submitted that there was authority to vary funds and pay the officers for the period they had served.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to own up in his discourse as it was evident that he went ahead and employed 208 officers without PSMD approval. Besides, the decision made resulted in loss of public funds as planned activities and funded programmes were not undertaken as a result of paying the wages of unauthorised employees. The Controlling Officer is urged to desist from making unilateral decisions which would cost
government the much needed resources for development. He was further cautioned to ensure that this does not recur and the matter was, however, recommended for closure subject to audit verification.

d) **Irregular Payment of Overtime Allowance - K129,913**

The Controlling Officer submitted that the queried overtime claims in amounts totalling to K129,913 was earned by the eligible officers beyond their normal working hours. However, it was not possible to pay the claims through the payroll because at the time, Payroll Management and Establishment Control (PMEC) had not yet authorised the overtime code on the payroll system for his office. Going forward, management had since resolved to stop paying overtime claims through the Recurrent Departmental Charges Account and that the payroll code now existed. The Controlling Officer submitted that they regretted the omission in computation of tax, but they had now computed the Pay As You Earn (PAYE) for the officers and the recoveries were in process.

**Committee’s Observations and Recommendations**

Your Committee observes that the Controlling Officer was not going to discover the loss of government revenue if auditors did not unearth the matter. He is sternly cautioned to ensure that monitoring of all departments under his control is done regularly to avoid recurrence. Your Committee awaits a progress report on the matter.

e) **Unretired Accountable Imprest – Provincial Administration - K24,534**

The Controlling Officer submitted that the amount of K24,534 which had not been retired had been effected for recovery from the salary of the officer concerned.

**Committee’s Observations and Recommendations**

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officers for this failure. Your Committee awaits a progress report on the matter.

f) **Questionable Payments on Courtesy Calls - K38,500 (cash – K37,000 and Various Gifts Worth - K1,500)**

The Controlling Officer submitted that the courtesy calls that were presented amounted to K22,500 and not K38,500 as reported in the report. He also added that courtesy calls in amounts totalling K11,500 which were paid to the various royal highnesses were received by the intended beneficiaries, and acquittals were available for verifications. He apologised that the courtesy calls, either in cash form or goods which were given to the Chiefs (BRE) as gifts as that had been the practice and hence the omission. Now that they had been advised otherwise, they engaged the various royal highnesses to acknowledge the balance of K12,000 that were presented as courtesy calls by various Government Officials when they visited their palaces.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

g) **Questionable Issuance of Imprest for Trips not Undertaken - K29,798**

The Controlling Officer submitted to your Committee that imprest in amounts totalling K29,798 had been effected for recovery from the salaries of the concerned officers.
Committee’s Observations and Recommendations

Your Committee expresses great concern at how adept officers are in getting funds by false pretence. It is clear that officers knew they would not travel but decided to get the imprest. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against these officers and that internal controls were strengthened to avoid recurrence. Your Committee awaits a progress report on the matter.

h) Questionable Retirement of Imprest

i. Sesheke District

The Controlling Officer submitted that the activity to host the state funeral for the late Republican President in Sesheke District did take place and District Administration procured foodstuffs for the mourners in line with Government directives. However, since the District Administration was negligent in the way they handled the funds, the amount of K9,026 will be recovered from the officers concerned.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.

ii. Sioma District

The Controlling Officer submitted that imprest in amount totalling K4,260 with regard to subsistence allowance paid to the officers who were not spending nights at the stations that they visited while on tour was being recovered from the officers concerned while the amount of K2,700 for fuel would stand as a charge to Government expenditure as it had been used on Government activities during the trips they had been going to and from the stations mentioned.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that erring officers are sternly cautioned for this irregularity and your Committee awaits a progress report on the matter.

i) Overpayment of Fuel Imprest

The Controlling Officer submitted that recoveries in amounts totalling K3,561 had been made from the officers involved leaving a of K7,022 to be recovered.

Committee’s Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officers for this failure. Your Committee awaits a progress report on the matter.

j) Failure to Provide Monitoring Reports

The Controlling Officer submitted that monitoring reports were now available for verification. Going forward, all civil servants undertaking monitoring programmes had been asked to attach tour reports on the retirements.
Committee’s Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officers for this failure. Your Committee awaits a progress report on the matter.

k) Irregular Use of Accountable Imprest

The Controlling Officer submitted that he acknowledged the auditors’ observations and had since taken measures to ensure that this practice came to an end. Going forward, all District Commissioners and Heads of Government Departments had been instructed to ensure that all procurement for goods and services were done through the Procurement and Supplies Unit.

Committee’s Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officers for this failure. Your Committee awaits a progress report on the matter.

l) Unaccounted for stores

The Controlling Officer submitted that Receipt and disposal details in respect of stores items and fuel costing K750,685 procured during the period under review were now available for verification.

Committee’s Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officers for this failure. Your Committee awaits a progress report on the matter.

m) Questionable Drawing of Petrol by a Diesel Propelled Motor Vehicle – Mwandi District

The Controlling Officer apologised for the mix-up in the fuels that were refilled in these vehicles and he stated that information relating to that was available for audit verification.

Committee’s Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officers for this failure. Your Committee awaits a progress report on the matter.

n) Failure to Insure Motor Vehicles

The Controlling Officer submitted that insurance covers for the five (05) motor vehicles whose policies had expired had since been renewed.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

0) Failure to Recover Salary and Tuition Advances - (K30,800) and (K29,000)

The Controlling Officer submitted to your Committee that the total number of officers with unrecovered salary and tuition advances should have been seven (07) and not thirteen (13) as
reported in the audit query. Further, the amount for unrecovered salary advances should have been K17,800 instead of K30,800 as one payment amounting to K13,000 for tuition advance was duplicated on the schedules for salary advances and tuition advances. Salary Advances in amounts totalling K6,000 had since been recovered and the balance of K11,800 had been input for recovery. An in-put had been effected to recover tuition advances in amounts totalling K29,000 paid to two officers through the payroll from the salaries of the concerned officers.

Committee's Observations and Recommendations

Your Committee expresses concern as to why the recoveries are not effected immediately advances are given and the Controlling Officer is cautioned to avoid such failure as it may lead to loss of public funds and deserving officers would be deprived of the opportunity to access the funds. The Controlling Officer is urged to ensure that disciplinary action is taken against erring officers and your Committee awaits a progress report.

OFFICE OF THE PRESIDENT – WESTERN PROVINCE

AUDIT QUERY

UNIT : Various
PROGRAMME : General Deposit Account
ACTIVITIES : Various

Accounting and Other Irregularities

85. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in July, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unretired Accountable Imprest - K98,764**

The Controlling Officer submitted to your Committee that Imprest in amounts totalling K78,461 was now retired leaving a balance of K28,120. The retirement details were available for verification. He further submitted that the balance of K28,120 had been inputted for recovery from the salaries of the officers concerned.

Committee's Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officers for this failure. Your Committee awaits a progress report on the matter.

b) **Questionable Payment of Fuel Imprest - K4,048**

The Controlling Officer submitted to your Committee that the questionable amount of K4,048 was paid back by the officer in June 2015. The copy of the General Receipt, Deposit slip and bank statement were available for verification by the Office of the Auditor General.

Committee's Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officer for this failure. Your Committee awaits a progress report on the matter.
c) **Unaccounted for Stores - K97,673 (Fuel – K42,139 and General Stores – K55,534)**

The Controlling Officer submitted to your Committee that various stores items procured during the period under review were recorded in the stores books. The receipts and disposal details in respect of the stores items were now available for verification.

**Committee’s Observations and Recommendations**

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officers for this failure. Your Committee awaits a progress report on the matter.

b) **Failure to Implement Funded Activities**

The Controlling Officer submitted to your Committee that the construction of two chiefs palaces had commenced (i.e the chief’s palaces at Njonjolo in Nkeyema District and at Namayula in Lukulu District), and the contractors were on site executing the work. At the time of audit his office had submitted the contract documents to the Office of the Attorney General for review and approval. Regarding the women empowerment activity programme, the Provincial Administration through the Department of Community Development conducted trainings in leadership and entrepreneurship skills for women in the districts. The training was done in Sesheke and Nalolo Districts. Activity Reports were available for audit verification. The amount of K149,370 funded for Ground water development for drought prone/cholera emergency areas was used for drilling of boreholes in the following areas; one in Mulobezi at Mabombo Community School, two in Mwandi at Mutoya Secondary school and another at Sankolonga Primary School, and in Sesheke District at Tahalima Community and Maondo Rural Health Centre.

**Committee’s Observations and Recommendations**

The submission is noted by your Committee but the Controlling Officer is urged to ensure that all the funded projects are undertaken and completed without any further delay. Your Committee resolved to await a progress report on the matter.

e) **Misapplication of Funds - Child Protection - K9,869**

The Controlling Officer submitted to your Committee that the amounts totalling K9,869 that were borrowed by the Department to facilitate operations of the department were paid back. The General Receipt, payment voucher, deposit slip and bank statement were now available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification.

f) **Rehabilitation of Mulobezi Dam - Department of Water Affairs**

The Controlling Officer submitted to your Committee that the rehabilitation of Mulobezi Dam commenced in 2013 using funds received in November, 2012. The project took long to be completed because of challenges in securing Earth Moving Equipments. The best option in the circumstances that prevailed at the time was to use manual labour. Despite these challenges the works progressed well with 98 percent of works completed as at December, 2014. However, there was a delay in the release of the additional requested funds and the works could not continue to finish concrete lining, the spillway and plunge trough. The rainfall intensified resulting into fast rising water levels in the reservoir in form of a flash flood and spilling through the incomplete spillway and plunge trough. Unfortunately, on the night of 14th January, 2015, the spill way and part
of the embankment were undermined by the flood waters. This was due to the incomplete spillway trough and draining hole. At the time, there were no more funds to line the plunge trough of the spillway with concrete and a request for additional funds was made to the Ministry of Mines, Energy and Water Development to repair the undermined spillway and construct the plunge trough and draining.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that the spillway and part of the embankment are undermined by the flood waters due to late release of funds. It is evident that there is no serious follow-ups and hence causing the loss since works done would have to be redone. The Controlling Officer is urged to ensure that he liaises with the treasury for supplementary expenditure, if not budgeted for, so that funds are released to correct the works. Your Committee awaits a progress report on the matter.

g) Procurement of Learning Materials and Equipment - OVCs

The Controlling Officer submitted to your Committee that a Memorandum of Understanding (MoU) entered into with Njovu Zambia NGO (a non-profit, non-partisan and non-governmental organisation) was signed by the Provincial Community Development Officer on behalf of the Permanent Secretary to allow the NGO to train twenty-five Orphans, Vulnerable Children (OVCs) and youth through vocational training in design, cutting and tailoring. The MOU was entered into because at that time, the Department of Community Development despite having the equipment and materials for the course, had no instructor to conduct the training in design, cutting and tailoring at the skills training centre at Namushakende. Therefore, due to the overwhelming requests from the vulnerable youths in the community, the Department sought for the training service from Njovu Zambia NGO through the MoU that was signed. Njovu Zambia NGO was a Level Three TEVET Institution registered to provide training in design, cutting and tailoring among other courses.

He also added that the materials that were issued to Njovu Zambia had been used in the training of twenty-five students who had since completed their course in design, cutting and tailoring. Njovu Zambia had a production unit at Mumwa Craft Centre where students who reached a certain level of competence produced some products for sale to help sustain the operation of the organisation. At the time of audit, the sewing machines were shifted from Katongo Skills Training Centre to Mumwa Craft Centre for production purposes. The machines had since been retrieved from Njovu Zambia NGO at Mumwa Craft Centre and had been handed over to Community Development at Namushakende Skills Training. The assignment was completed and were available for inspection.

Committee’s Observations and Recommendations

In noting the matter, your Committee urges the Controlling Officer to ensure that all machinery bought by the Provincial Administration or any government department are put to good use and surely for the purpose it is bought for. It is evident that these machines were used for business when the purpose is limited to usage for training of the underprivileged. The Controlling Officer is urged to ensure that erring officers are cautioned and the matter is recommended for closure subject to audit verification.

i. Maritime Department

• Weaknesses in Accounting for Fuel

The Controlling Officer submitted to your Committee that at the time of audit, the Department of Maritime had no log book for the dredger machine. However, a hard cover book was maintained where all fuels drawn for use in the dredger was recorded and this book was availed for audit. Going forward, a log book was opened for the dredger and fuel costing K14,068 had since been entered in the log book. The log book was available for verification.
Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

• Failure to Complete Works - Clearing of Canals

The Controlling Officer submitted to your Committee that the canals in question were cleared between August and November, 2014 while the inspection was done in April, 2015. Therefore due to the passage of time from the time that the canals were cleared to when they were inspected, the vegetation had re-grown. The canals were cleared using manual labour and therefore it was likely that vegetation would grow back during the rainy season.

On Lwandala canal where a dredger was used, works had to be suspended due to the low water levels in the canal at that time which could not support the movement of the dredger. This was done in order to safeguard the dredging machine from damage. However, the works on the Lwandala canal resumed on 8th August, 2014 and ended on 19th November, 2014 with coverage of 7km. A logbook used on site was available for verification and the works had since been completed.

Committee’s Observations and Recommendations

Your Committee recommends for closure subject to audit verification.

OFFICE OF THE PRESIDENT – WESTERN PROVINCE

AUDIT QUERY PARAGRAPH 86
UNIT : Various
PROGRAMME : Poverty Reduction Programme (PRP)
ACTIVITIES : Various

Accounting and Other Irregularities

86. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in July, 2015, several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Misapplication of Funds - K469,801

The Controlling Officer submitted to your Committee that the amount of K469,801 were borrowings to facilitate Government operations when his office was not funded for Recurrent Departmental Charges (RDCs).

Committee’s Observations and Recommendations

Your Committee does not accept the reasons given by the Controlling Officer and he is urged to ensure that he desisted from abrogating the appropriation Act of 2013 and that the borrowed funds are reimbursed without any further delay. Your Committee awaits a progress report on the matter.

b) Failure to Implement Funded Project

The Controlling Officer submitted to your Committee that Management engaged the Zambia National Service (ZNS) under Force Account to construct a crossing point on the Lunyati stream. However, due to the harsh weather conditions experienced during the rainy season, the team demobilised to serve the materials and equipment. The works would commence after the rain season.
Committee’s Observations and Recommendations

Your Committee expresses concern at the failure by the Provincial Administration Office to ensure that works are carried out in accordance with the period planned. The Controlling Officer is strongly urged to ensure that the project is completed without any further delay and your Committee resolves to await a progress report on the matter.

c) Drilling of Boreholes in Kalumwange Resettlement Scheme - K166,975

The Controlling Officer submitted to your Committee that, out of the four boreholes that were planned to be drilled, three boreholes were drilled of which two were successfully drilled and equipped with hand pumps. One was a dry borehole and could not be equipped with a hand pump to curb wasteful expenditure. The fourth borehole could not be drilled because the terrain was too wet at that time of drilling. Therefore, the team on site decided to demobilise.

However, the Provincial Water Officer had written to the Provincial Resettlement Officer to source for fuel so that the drilling team could mobilise again and work on the remaining borehole especially that other materials were readily available for the same Project.

Committee’s Observations and Recommendations

Your Committee notes the submission but also urges the Controlling Officer to ensure that the remaining borehole was drilled without any further delay. Your Committee awaits a progress report on the matter.

d) Failure to Complete Works - Dredging of Canals - K209,342

The Controlling Officer submitted to your Committee as set out below:

- works on the Muoyowamo canal had been completed and verification by the auditors done at the time of audit;

- works at Lwandala canal could not continue at the time due to extreme low water levels in the canal which could not support the floating of the dredging machine. Therefore, officers demobilised and started works on Mongu-kalabo water way at Nebubela. Late, works on the Lwandala canal resumed on 8th August, 2014 and ended no 19th November, 2014 with coverage of 7km as reported. The works had since been successfully completed;

- works on the Mongu-kalabo water ways stalled due to high water levels and as result, the dredger could not work effectively because the shards that support the dredger could not anchor on the ground. Therefore, works on the remaining 2km of this canal were resumed when the water levels had reduced to reasonable heights in order to support the operation of the dreger. The reported works on Mongu-Kalabo water way had also since been completed;

- works on the Libonda – Mapungu canal had stalled due to the low water levels in the canal during the 2014/2015 rainy season. Therefore, in order to save the dredging machine from getting damaged, works had to be suspended until there was enough water to allow the dredging machine to float in the canal. The said works had also been completed.

Committee’s Observations and Recommendations

The Committee recommended the matter for closure subject to audit verification.
An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects carried out in July, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unaccounted for Stores - K283,930**

The Controlling Officer submitted that stores materials in amounts totalling K283,930 were recorded in the stores records and the records were available for verification.

**Committee’s Observations and Recommendations**

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officer for this failure. Your Committee awaits a progress report on the matter.

b) **Questionable Payments of Fuel - K2,162,778**

The Controlling Officer submitted that fuels for the two projects namely; construction of Lombe-lombe and Lwanchuma in amounts totalling K1,709,504 were varied to other roads namely; Nande via clinic and Nangweshi-Sinjembela roads, respectively. He also submitted that the payment to BP Mongu Service Station for fuel and lubricants long before commencement of actual works was made on the strength that works would commence. However, this was regrettable and the reason was that there was overwhelming demand from the projects that were already in progress which had spilled into the following year hence the diversion.

**Committee’s Observations and Recommendations**

Your Committee does not accept the reasons given by the Controlling Officer and he is urged to ensure that he desisted from abrogating the appropriation Act of 2013 and that the diverted funds are reimbursed without any further delay. Your Committee awaits a progress report on the matter.

c) **Failure to Record Fuel Drawings in the Site Fuel Register - K25,336**

The Controlling Officer submitted to your Committee that fuel costing K25,336 was recorded in the main ledger and not in the site register as the fuel was drawn directly from the filling station. The fuel ledger was available for verification by the auditors.

**Committee’s Observations and Recommendations**

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officer for this failure. Your Committee awaits a progress report on the matter.
d) **Diversion of Fuel - K15,115**

The Controlling Officer submitted to your Committee that the 1,570 litres of fuel costing K15,115 were drawn and utilised on clearing and grading of the access road and the Kazanga Arena in Kaoma District to facilitate to the hosting of the Kazanga traditional ceremony. This was after authority was sought from the Controlling Officer.

**Committee’s Observations and Recommendations**

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against erring officer for this failure. Your Committee awaits a progress report on the matter.

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**OFFICE OF THE PRESIDENT – EASTERN PROVINCE**

**AUDIT QUERY**

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**Accounting and other Irregularities**

88. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in October, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Purchase of Machinery - K99,975**

The Controlling Officer submitted before your Committee that the supplier could not meet their obligation within the required period of six weeks and were granted an extension. Random Access Limited was, therefore, accordingly requested to extend the Advance Payment Bond for a further three months. The Bond was consequently extended to 30th September, 2015 by the guarantor, A Plus General Insurance. However, contrary to the Auditors’ observation that the Provincial Administration did not enforce the requirements to claim back the advance payment; the Controlling Officer informed your Committee that the Provincial Administration called in the Bond on 10th September, 2015, when the Supplier failed to deliver the Tipper Truck after the extension period.

He further informed your Committee that a Plus Insurance had paid back the advance payment bond of K99,975 on cheque no. 000678 and receipt No. 4387906 which were deposited on the same day.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

b) **Undelivered Services – Benecho General Dealers and Contractors - K32,000**

The Controlling Officer informed your Committee that the remaining stabilizer arms for the tipper trucks and tandems for the grader had since been given to the mechanist to work on them and they had since been collected.

**Committee’s Observations and Recommendations**

The Controlling Officer is cautioned to ensure that goods and services are delivered within the agreed time. The matter is, however, recommended for closure subject to audit verification.
c) Grading and Reshaping of R296 Undi Off Road (T4 to Msoro)

i) Poor Compaction of Embankments on Culverts

The Controlling Officer submitted before your Committee that the sides of the culverts were not compacted due to the fact that when compacting carriageway width (running surface of the road) the gravel material was compacted in layers which made it difficult for the rains to erode the sides of the embankment and in addition the sides of the embankment could not be compacted by a roller due to high heights. However, in future stone pitching would also be used to prevent erosion even though that would add cost to the projects.

Committee’s Observations and Recommendations

Your Committee expresses concern that the road may be eroded and exposes the culverts, thereby, resulting in the possible loss of public funds and befitting the whole purpose for which the works on the road were done. In this regard, the Controlling Officer is strongly urged to ensure that the projects that Management embarked on are those that could be completed satisfactorily within available funds. The Controlling Officer is further urged to ensure that resources are mobilised to stone pitch the embankment as soon as possible. Your Committee resolves to await a progress report on the matter.

ii) Failure to Maintain Fuel Site Register - K102,702

The Controlling Officer submitted that the fuel register was later submitted to the Auditor General’s Office for verification but the auditors refused to consider it. He explained that the fuel register was not found at site because the project had been closed and all the documents were taken to the RRU provincial office.

Committee’s Observations and Recommendations

Your Committee observes that the failure to avail the fuel register at the time of audit is a serious omission which should attract disciplinary action against the erring officers. The matter is, however, recommended for closure subject to audit verification.

d) Failure to Maintain Fuel Site register – Chipanje – Mbozi Road- K192,796

The Controlling Officer informed your Committee that the fuel register was later submitted to the Auditor General’s Office for verification but was not considered. He explained that the fuel register was not found at site because the project had been closed and all the documents were taken to the RRU provincial office.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that evidence is not provided to auditors during the time of audit and cautions the Controlling Officer to institute disciplinary action against the responsible officers for this lapse and to desist from providing evidence in retrospect. The matter is, however, recommended for closure subject to audit verification.

e) Grading and Reshaping of Chigwe – Chikoka Road - K135,936

The Controlling Officer informed your Committee that the fuel register was later submitted to the Auditor General’s Office for verification but was not considered. He explained that the fuel register was not found at site because the project had been closed and all the documents were taken to the RRU provincial office.
Committee’s Observations and Recommendations

Your Committee resolves to close the matter subject to audit verification

f) Rehabilitation of Kamphambe – Katiula Road

i. Poor Compaction of Embankments on Culverts
The Controlling Officer submitted before your Committee that the sides of the culverts were not compacted due to the fact that when compacting carriageway width (running surface of the road) the gravel material was compacted in layers which made it difficult for the rains to erode the sides of the embankment and in addition the sides of the embankment could not be compacted by a roller due to high heights. However, in future stone pitching would also be used to prevent erosion even though that would add cost to the projects.

Committee’s Observations and Recommendations

Your Committee expresses concern that the road may be eroded and exposes the culverts, thereby, resulting in the possible loss of public funds and befitting the whole purpose for which the works on the road were done. In this regard, the Controlling officer is strongly urged to ensure that the projects that Management embarks on are those that could be completed satisfactorily employing the available funds. The Controlling Officer is further urged to ensure that resources are mobilised to stone pitch the embankment as soon as possible. Your Committee resolves to await a progress report on the matter.

ii. Irregularities in the Management of Fuel - K146,201

The Controlling Officer informed your Committee that the fuel register was later submitted to the Auditor General’s Office for verification but was not considered. He explained that the fuel register was not found at site because the project had been closed and all the documents were taken to the RRU provincial office.

Committee’s Observations and Recommendations

Your Committee emphasises the need to always have the necessary documents prior to the audit process. It resolves that the matter would only be closed after audit verification and that disciplinary action should be instituted on the erring officers. A progress report is awaited by your Committee.

g) Grading and Reshaping of Katemo – Msoro via Chipoka Road (Jumbe-Chikowa Road)

i. Poor Drainage Works
The Controlling Officer confirmed that a total stretch of 21.2km representing 92 percent of the works had been done and that some sections were poorly graveled and compacted resulting in erosion of the road surface and water ponding. He explained that ordinarily, the RRU would have carried out remedial works in 2015. However, there was no opportunity to review the works since the equipment had been taken over by the Zambia National Service.

Committee’s Observations and Recommendations

Your Committee expresses concern that the road may be eroded and become impassable and thus urges the Controlling Officer to ensure Management embarks on projects that could be completed satisfactorily using the available funds. Your Committee recommends the matter for closure subject to audit verification.
ii. Irregularities in the Management of Fuel - K264,387

The Controlling Officer informed your Committee that the fuel register was later submitted to the Auditor General’s Office for verification but was not considered. He explained that the fuel register was not found at site because the project had been closed and all the documents were taken to the RRU provincial office.

Committee’s Observations and Recommendations

Your Committee observes that the failure to produce documents at the time of audit is a very serious and costly omission as the Office of the Auditor General would have to do further audits to verify the traced documents. Your Committee, therefore, urges the Controlling Officer to ensure that measures are put in place to correct the situation. The Controlling Officer is further urged to take disciplinary action against the officers who misplaced the documents. The matter is, however recommended for closure subject to audit verification.

OFFICE OF THE PRESIDENT – EASTERN PROVINCE

AUDIT QUERY

PROGRAMMES : General Deposit Account
ACTIVITY : Various

Accounting and Other Irregularities

89. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in July, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Unretired Accountable Imprest - K36,800

The Controlling Officer confirmed that accountable imprest was not retired as of October, 2015 because at the time of the audit. The auditors wanted to be availed with the original copies of the receipts which by then had already been sent to the Cabinet Office in Lusaka. However, the officers concerned had since retired the imprest.

Committee’s Observations and Recommendations

The Controlling Officer is urged to ensure that disciplinary action is taken against erring officers for this laxity and your Committee recommends the matter for closure subject to audit verification.

b) Over Payment of Subsistence Allowances – K9,000

The Controlling Officer informed your Committee that measures had been taken to recover the amount overpaid. The Director, Department of Maritime and Inland Waterways in Lusaka had been written to demanding that the overpayments were recovered in full, from the recipients as soon as possible. The Permanent Secretary for the Ministry of works and supply had made an assurance that all possible measures would be taken to recover the amounts in question.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to act within the provisions of Financial Regulations in future to avoid the recurrence of this anomaly. A progress report would be awaited on the recoveries of the overpaid amount.
c) **Presidential Funeral - Unaccounted for Fuel and Airtime - K11,980**

The Controlling Officer informed your Committee that disposal details for fuel had been submitted to the Provincial Administration Office and the airtime acquitted.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable that the Controlling Officer could not justify the failure to account for fuel and airtime and is urged to ensure that disciplinary action is taken against the erring officers. The matter is, however recommended for closure subject to audit verification.

d) **Construction of Chalets at Cultural Centre in Chipata**

i. **Irregular Engagement of a Contractor - K57,388**

The Controlling Officer informed your Committee that the contractor had since been written to, to refund the K57,388 VAT components. In addition, the Attorney General Chambers had also been written to for assistance in recovering the debt and an assurance was given that the Attorney General Chambers would do its best to recover what was due to the state.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that public funds may be lost as a result of this anomaly and urges the Controlling Officer to ensure that disciplinary action was instituted against the officers responsible for this lapse. The Controlling Officer was further urged to ensure that contractors and suppliers charging VAT were duly registered to avoid similar anomalies in future. Your Committee resolves to await a progress report on recoveries of the amounts in question.

ii. **Delay in Completion of the Project**

The Controlling Officer informed your Committee that everything possible was being done to complete the project as soon as possible. He explained that the delay was as a result of items such as water and electrification having being left out in the bill of quantities.

**Committee’s Observations and Recommendations**

Your Committee resolves to await a progress report on the current status of the project.

e) **Construction of Boundary Wall Fence - David Kaunda Stadium**

i. **Irregular Engagement of a Contractor - K80,000**

The Controlling Officer submitted before your Committee that, the Attorney General Chambers had also been written to for assistance in recovering the debt and an assurance was given that it would do its best to recover what was due to the state.

**Committee’s Observations and Recommendations**

Your Committee is concerned that public funds may be lost as a result of this anomaly and urges the Controlling Officer to ensure that disciplinary action is instituted against the officers responsible for this lapse. The Controlling Officer is further urged to ensure that contractors and suppliers charging VAT were duly registered to avoid similar anomalies in future. Your Committee resolves to await a progress report on recoveries of the amounts in question.
ii. Abandoned Project
The Controlling Officer informed your Committee that the works were scaled down from the total contract sum of K800,000 to the available budget of K 500,000 and the project was phased due to inadequate funds. However, the Provincial Administration had budgeted for K300,000 in the 2016 budget under the Building Department. The Ministry of Youth and Sport had also pledged to budget for the same amount therefore, bringing the total to K550,000 for the completion of the project in the year 2016 assuming the funds were released by the Treasury.

Committee’s Observations and Recommendations

Your Committee expresses concern that the project commenced without a supporting budget line and urged the Controlling Officer to ensure that in future, such projects should have a budget to guarantee full benefits of the project to the intended beneficiaries. Your Committee resolves to await a progress report on the current status of the project.

f) Drilling of Boreholes at Mwami Border – Chipata District - K189,080
i. Proximity of a Borehole to Pit Latrines
The Controlling Officer informed your Committee that the 9 metre proximity of the boreholes from the pit latrines had been addressed. He submitted before your Committee that the pit latrines had been treated and then closed permanently. Further, water samples from the two boreholes were taken to the University of Zambia and the water samples were certified that they meet the World Health Organisation standard. The Controlling Officer also explained that the reason why the initial proximity of the pit latrine to the borehole was 9 meters was because the area had a problem of underground water. In this regard, to find the water point, the contractor drilled a number of dry boreholes before finally finding the water point which was unfortunately close to the pit latrine.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

ii. Delay in Completion of the Project
The Controlling Officer informed your Committee that the 2 X 5HP submersible pumps had been installed and the 2 x 10,000 litre water tanks had also been installed and working well. Further, the control panels and other associated gadgets for operating the boreholes were installed on 26th October, 2015. Furthermore, the testing and flushing of the water was done on two boreholes on 22nd October, 2015 and the boreholes were functional and the water was flowing 24 hours a day at the border. The completion certificate was issued.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.
OFFICE OF THE PRESIDENT – EASTERN PROVINCE

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various (PRP)

Accounting and Other Irregularities

90. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of the selected projects carried out in July, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Failure to Execute Funded Projects

The Controlling Officer submitted before your Committee that the funding which was released for each dam was not adequate to start and finish up the works. The total budget provision to construct Chitirila dam was K510,000 but only K30,000 was released and Amose dam had a provision of K266,800 for rehabilitations, but only K128,018 was released. In this vein, funds were put together to build one dam at Mwangazi and works on Mwangazi dam were progressing well.

Committee’s Observations and Recommendations

Your Committee expresses concern that the targeted citizens would not benefit from the facilities on time and urges the Controlling Officer to ensure that budget provisions are adequate each time projects are to be under taken. The Controlling Officer is further urged to liaise with the Treasury on the possibility of securing more funds to contract the Chitirila and Amose dams as earlier planned. A progress report is awaited by your Committee.

b) Rehabilitation of a Water Reticulation System at Nyanje Mission Hospital – Sinda District

i. Delays in the Completion of the Project

The Controlling Officer informed your Committee that the reason for the delay in completing the water project in Nyanje was as a result of the delay by ZESCO in connecting power. However, the connection of the power to the borehole had since been done by ZESCO and so far the two submersible pumps have been supplied, installed and were working. The only works still outstanding were with regard to the rehabilitation of one of the two existing reservoirs; one had been rehabilitated and was fully operational and the work on the second reservoir was progressing well with an expected completion date of 31st March, 2016. The delays were also caused by the need to do extra works on the second reservoir which was found to require new brickwork not previously envisaged.

Committee’s Observations and Recommendations

Your Committee expresses concern that the targeted beneficiaries are not benefiting from the facility as a result of the delays in the completion of the project and urges the Controlling Officer to ensure that the project is completed without further delay. Your Committee awaits a progress report on the matter.

ii) Poor Workmanship

The Controlling Officer confirmed that at the time of audit verifications cracks and leakages that were repaired had resurfaced. He explained that this was because of the overgrown roots of plants on the reservoir and the bricks which were rotten needed a complete reconstruction. However, one reservoir had been rehabilitated and was fully operational.
Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

c) Failure to Complete Rehabilitation of a Staff House - Chimtengo Basic School

The Controlling Officer submitted that the BOQ for the renovation of the house at Chimutengo Basic School was based on the left over funds from the construction of a 1x2 classroom block of K20,000. He explained that because of the dilapidated nature of the house, it was decided that K200 should be used to do some rehabilitations to the house. The scope of works included plastering inside, repairing of doors and wooden doorframes, demolishing the structure up to lintel level, reconstruction and putting back the roof. Your Committee was informed that the house was at least more habitable than the state it was in before.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

d) Construction of a 1 x 4 Classroom Block – Anoya Zulu Secondary School

i) Over Commitment of Funds

The Controlling Officer explained that the over commitment of K68,796 in the construction of a 1 x 4 classroom block at Anoya Zulu was done with the view that the difference of K68,796 would be budgeted for in the following year. In this vain, the Provincial Administration Office was considering a variation of funds in the 2016 Budget to facilitate the completion of the project.

Committee’s Observations and Recommendations

The Controlling Officer is strongly cautioned to desist from over committing the Government to contracts. It is of the view that the project would stall in a case where the Government failed to fund it in the preceding year (s) and thus, cause wasteful expenditure due to vandalism on the projects or litigation in case of default. In this regard, the Controlling Officer is urged to ensure that he liaises with the Secretary to the Treasury to allocate more funds to complete the project as opposed to varying funds. A progress report on the matter is being awaited by your Committee.

ii) Delay in Completion of the Project

The Controlling Officer informed your Committee that the works had reached an advanced stage and were nearing completion. If the intended variation of funds succeeded as mentioned in (i) above, it was hoped that the project was completed within 2016.

Committee’s Observations and Recommendations

Your Committee resolves to await a progress report on the matter.
Accounting and Other Irregularities

91. An examination of accounting and other records maintained at the Provincial Administration and District Offices carried out from February to April, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unaccounted for Stores - K30,692**

The Controlling Officer submitted that full disposal details were not presented on the above mentioned transactions at the time audit because the inventory sheets in respect of the listed departments had not been updated to capture the new assets acquired during the period under review. However, the disposal records were currently in place and available for audit verification. Your Committee was informed that the stores department especially in the DCs offices were not manned by qualified staff thus, contributing to the problem. However, efforts were being made through the PSMD to engage qualified stores offices to man the units. Furthermore, the staffs involved were cautioned over this oversight.

**Committee’s Observations and Recommendations**

Your Committee observes that failure to account for stores is a very serious anomaly and that without records, it is impossible to establish whether goods are delivered and utilised by the right departments. Your Committee therefore, urges the Controlling Officer to take disciplinary action against the erring officers. The matter is, however, recommended for closure subject to audit verification.

b) **Wasteful Expenditure on Hotel Bills - K728,394**

The Controlling Officer explained that the constructing of the VIP guest house was the initiative of the Province Administration. This was due to the fact that most of the permanent secretaries, who were posted to the Province, hardly stayed for a year before being transferred to another province or back to Lusaka. In most cases, these VIPs stayed in hotels and consequently, the Province Administration accumulated bills. It was in this vein that the idea of cutting down on the escalating costs of hotel bills by constructing a transit guest wing in 2011 was arrived upon.

Initially, the guest wing was occupied by past permanent secretaries in line with the objective. Additionally, there was a shortage of accommodation at some point in that the minister’s residence was undergoing some renovations and this necessitated the Minister to shift to the PS residence and subsequent permanent secretaries at that time took occupation of the VIP guest wing.

However, the problems started in July, 2013 when a named Permanent Secretary was transferred to Luapula Province and opted to stay at Teja Executive Lodge instead of the guest wing citing water problems among other issues which apparently and most admittedly, the Provincial Administration did not rectify at the time of the arrival of the permanent secretary in the Province. Your Committee was informed that this promoted the Provincial Administration to accommodate the then Permanent Secretary at Teja Lodge from August, 2013 to February, 2015 and hence the bills which were being queried by the Auditor General.
Committee’s Observations and Recommendations

Your Committee expresses concern that the Controlling Officer allows such wasteful expenditure to occur when the funds should have been used for developmental projects in the Province. Your Committee finds it unacceptable for a senior government official to commit the Government to such expenditure given that there is an available option. The Controlling Officer is strongly urged to ensure that the public funds are not wasted by engaging the Secretary to the Treasury to provide guidance on the matters requiring clarity. Your Committee resolves to await a progress report.

c) Questionable Funeral Expenses

The Controlling Officer informed your Committee that management had started recovering amounts that were irregularly paid to officers deemed not to have travelled on official duty.

Committee’s Observations and Recommendations

Your Committee observes a lot of irregularities in the manner the funeral expenses are handled. It observes that it is wrong to pay officers subsistence allowance, transport the body and procure food stuffs above the recommended amount. In this regard, in addition to recovering the allowances irregularly paid to the officers, the excess money paid above the recommended amounts the procurement of food stuffs and the transportation of the body to Mporokoso must be recovered by the officer who authorised the payment of these amounts contrary to the Public Service Management Division Circular No. B.13 of 2003. A progress report would be awaited by your Committee.

d) Use of Rental Income at Source – Mwense District - K13,000

The Controlling Officer informed your Committee that the Management of Mwense District had treated this revenue as a contribution by the Bank towards expenditure on utilities. He informed your Committee that in future, The Provincial Administration would ensure that such income was deposited and appropriate authority was sought before usage.

Committee's Observations and Recommendations

Your Committee did not accept the reasons given by the Controlling Officer. In this regard, the Controlling Officer was directed to ensure that the funds were reimbursed and remitted to Control 99 without further delay. A progress report is being awaited by your Committee.

OFFICE OF THE PRESIDENT – LUAPULA PROVINCE

AUDIT QUERY PARAGRAPH 92

PROGRAMME : Infrastructure Development (Luapula)
ACTIVITIES : Various

Accounting and Other Irregularities

92. An examination of accounting and other records maintained at the Provincial Administration and Rural Roads Unit (RRU) and a physical inspection of selected projects carried out in April, 2015, revealed the following.

a) Misapplication of Funds - K1,497,400

The Controlling Officer submitted that the amount was initially treated as a borrowing with a belief that the Provincial Administration would be able to reimburse the amount once funding came through from the Treasury during the course of the year. He explained that the bulk of the amount
borrowed came from the Mwansabombwe project which was funded in August, 2014 when the RRU team was working on the Kapesha Mukanga Prison Road. Regrettably, the anticipated funding did not happen and the Provincial Administration regretted that the Office did not immediately seek the Secretary to the Treasury’s authority to treat the amount as a variation so as to remain within the rules and regulation. However, the Office was still hopeful that it would be funded in the last quarter of the financial year.

The Controlling Officer further informed your Committee that the treasury had been written to seeking for a retrospective authority to rectify the situation and as a precautionary measure, the Provincial Administration Office factored the remaining works in the 2015 work plan even though further funding was not received.

Your Committee was further informed that the monitoring and evaluation reports under RRU should have reported the actual progress on the completion of work against budget. However, the officers concerned had been cautioned and the Provincial Administration had handed over the uncompleted road works which should have been completed by the RRU to the Zambia National Service for completion as they have been mandated to supervise the RRU.

**Committee’s Observations and Recommendations**

Your Committee expresses concern with the Controlling Officer’s decision to apply funds meant for road works on other activities without seeking treasury authority thereby negatively affecting the implementation of the funded projects. He is strongly cautioned to desist from this practice as it made planned activities suffer. In this regard, your Committee urges the Controlling officer to seek retrospective authority to normalise the variation. A progress report would be awaited by your Committee.

b) **Failure to Implement Funded Activities - Rehabilitation of Roads in Mwansabombwe District**

The Controlling Officer submitted that It is true that K1,000,000 was funded for the rehabilitation of feeder roads in Mwansabombwe District and no road works were done. The funds were utilised as explained at paragraph 92 (a).

**Committee’s Observations and Recommendations**

Your Committee observes with concern that infrastructure development was not a priority in the Province as evidenced by the Controlling Officers borrowing funds from more important activities such as the rehabilitation of road works to less important activities such as the payment of allowances therefore, disadvantaging infrastructure development in the Province. The Controlling Officer is strongly urged to desist from the practice and ensure that the borrowed funds are reimbursed without further delay. A progress report would be awaited by your Committee.

d) **Failure to Complete Projects**

i. **Chienge District - Mipa East Road**

The Controlling Officer submitted that having attained a stretch of 9.2 km, the Province experienced an emergency where the Provincial Administration was required to channel some materials and human resources meant for the Mipa Road Project to the construction of the culvert which was washed away at Kanyangala Village along the Mununga – Chiengi Road and a total of K124,064 was spent on the works. In this regard, the Provincial Administration tried to remedy the uncompleted work on the Mipa East Road by carrying forward the works to 2015 Rural Roads Budget which unfortunately was not funded. It was, therefore, hoped that the uncompleted works would be attended to by the Zambia National Service where the Unit had been moved.
Committee’s Observations and Recommendations

Your Committee is concerned with the delay in completing this project and urges the Controlling Officer to ensure that the monitoring of projects in the Province is enhanced in order to ensure that works that are reported are executed accordingly. As for the works which were done by the RRU which are now taken over by ZNS, your Committee urges him to ensure that the works are executed without any further delay. Your Committee resolves to await a progress report on the current status of works.

ii. Mansa District
• Kapesha - Mukanga Prison Farms Road
The Controlling Officer submitted that according to the implementation plan; it was hoped that by procuring some key materials in advance, the responsible team would carry out the works expeditiously bearing in mind the time and weather constraints. However, due to the incremental whether, some of the works like spot gravelling were not done causing excessive erosion. Your Committee was informed that the road was also budgeted for in the 2015 work plan for completion. However, the works were not undertaken due to non-funding of the 2015 Rural Roads Budget. It was, however, hoped that the uncompleted works would be attended to by Zambia National Service where the Unit had been moved.

Committee’s Observations and Recommendations

Your Committee expresses concern at the increasing number of projects that are being delayed in the Province on account of non funding of the Rural Roads Budget and urges the Controlling Officer to liaise with the Secretary to the Treasury on the possible solution to the problem. Your Committee awaits a progress report on the matter.

• Luapula University Access Road
The Controlling Officer informed your Committee that the excessive expenditure was due to unforeseen drastic changes in the distances between the construction site and the burrow gravel pits. He explained that the initial plan was to get gravel from the Namwandwe burrow pit which was approximately 5 Km from the work site which had initially been sampled and yielded good quality gravel, but on large scale mining turned out to have low grade gravel, therefore, compelling the team to relocate to a pit opposite Mansa Airport approximately 18 km away. This added an unplanned distance of 13km thereby, impacting on the fuel usage.

Nonetheless, spot gravelling over a stretch of 2 km from the junction to the foundation stone was done as well as gravelling of 2.4 kms from the foundation stone to the University site. With this, the target for the project to construct an access road to the University site was completed. The 2.2 km section was not graveled owing to the change in the plan to create a boundary between the University land and traditional land to avoid encroachment between the University and the tradition land.

Committee’s Observations and Recommendations

Your Committee observes that the excess fuel expenditure is as a result of poor planning from the onset by the officers responsible as they failed to plan for the distances between the construction site and the burrow gravel pits. In this regard, your Committee urges the Controlling Officer to take disciplinary action against the erring officers for this serious omission. A progress report on the matter is awaited by your Committee.
• **Questionable Usage of Fuel - Luapula University Road**
  The Controlling Officer submitted that during the time of audit the log books were not submitted as most operators and drivers were out of station, however the books were available and ready for audit verification.

  He explained that the increase in fuel usage was as a result of unforeseen drastic changes in the distances between the construction site and the burrow gravel pits. The Controlling officer informed your Committee that the initial plan was to get gravel from the Namwandwe burrow pit which was approximately 5 Km from the work site which had initially been sampled and yielded good quality gravel, but on large scale mining turned out to have low grade gravel, therefore, compelling the team to relocate to a pit opposite Mansa Airport approximately 18Km away. This added an unplanned distance of 13km thereby, impacting on the fuel usage.

  **Committee’s Observations and Recommendations**

  Your Committee observes that the failure to avail log books at the time of audit is a serious omission which should attract disciplinary action against the erring officers. The matter is, however, recommended for closure subject to audit verification.

  iii. **Mwense District**
  • **Mambilima - Lukolongo Road**
    The Controlling Officer submitted that the total road project comprised 25 km as reported. However, owing to the weather pattern of November and December, a target of 12 km out of the 25 km was given. However, a total of about 9km out of the 12 km which was estimated to represent 80 percent was completed. Nonetheless, following the end of the rain season, works continued on the road and as of 22nd June, 2015, a distance of 6.5 km had been gravelled. It was, therefore, hoped that the uncompleted works would be attended to by the Zambia National Service where the Unit had been moved.

    **Committee’s Observations and Recommendations**

    Your Committee observes that the failure to implement the road on time deprived the targeted groups the much needed infrastructure and development required in the Province and urges the Controlling Officer to ensure that the outstanding works currently taken over by the ZNS were completed without further delay. Your Committee resolves to await a progress report.

  • **Mwense Clinic - Finkesenge Road**
    The Controlling Officer submitted that bush clearing and road formation was completed for the entire 25Km. However, the quality of the road formation as well as vegetation control was affected by bad weather which also affected the rate at which the formed road could be gravelled. It was, however, hoped that the uncompleted works would be attended to by the Zambia National Service where the Unit had been moved.

    **Committee’s Observations and Recommendations**

    The Controlling Officer is urged to ensure that the outstanding works currently taken over by the ZNS are completed without further delay. Your Committee resolves to await a progress report.
93. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in April, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Misapplication of Funds

The Controlling Officer submitted that the query on the construction of boreholes (K100,000) was resolved. As for the construction and rehabilitation of hand pumps, a total of K56,668 was spent on the procurement of the hand pumps and materials, therefore, there was no misapplication. Furthermore, authority to vary funds amounting to K780,000 was also obtained.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure as the matter is resolved by the Auditor General’s Office.

b) Oil Palm Out-growers Scheme – Stalled Project

The Controlling Officer submitted that the digging of furrows to the designated and outlaying farms proved futile due to the nature of the soil. In this regard, experts had recommended that the laying of pipes from the distribution points to farms, was an exercise which would require extra financing, however, costing of the same had not been done to determine how much would be required to fully make the project functional and beneficial to other farmers.

Further, the Provincial Administration had engaged the owner of the property to regularise the situation in order to have a win-win situation. In this regard, the Provincial Administration had sent a drafted agreement with the owner of the property which had been reduced into a written memorandum of agreement for the creation of a legal easement allowing the community to have access to the dam and stipulate the rights and obligations of the community and the owner of the property. Under this agreement, it was envisaged that there would be furrows dug to allow the easy flow of water from the dam to the benefiting members.

The Controlling Officer further informed your Committee that the draft Memorandum of Understanding had been approved by the Office of the Attorney General and the Provincial Administration had finalised with the owner of the property. As a further precautionary measure, the Provincial Administration had sought advice from the Attorney General for the possibility of placing a caveat on the property so that the owner does not dispose off the property without the Provincial Administration Office being informed as Government.

In addition, training was conducted in 2013 on the operation and maintenance of the project. In order to ensure proper technical management of the dam, the project was since in the custody of the Ministry of Agriculture who was requested to attend to the structural wellbeing of the dam to avoid waste. As regards the cracking of the dam, the Controlling Officer further informed your Committee that the community would be mobilised to attend to the defects after the rain season because the dam was currently covered by overgrown grass.
Committee’s Observations and Recommendations

Your Committee finds it irregular for the Provincial Administration to have constructed the dam on a private owned farm before a mutual consent from the owner. Your Committee also questions the workmanship on this project as the reservoir had cracked within a year after its construction. It is also evident that feasibility studies were not carried out before the commencement of the project as the Controlling Officer submitted that the project would require more funds to purchase pipes for the distribution points to the farms as opposed to using furrows which were initially planned. Your Committee observes that this project may prove to be costly and, consequently, be abandoned despite the huge investment by the Government. Your Committee therefore, recommends that the MoU be finalised without any further delay; the recommended pipes be purchased and installed to supply water from the distribution points without further delay; and that the cracking dam should be mended expeditiously.

Your Committee, ultimately, reiterated its earlier recommendation that the Controlling Officer must ensure that the project benefited the farmers as per objective of the scheme. A progress report is awaited by your Committee.

OFFICE OF THE PRESIDENT – LUAPULA PROVINCE

AUDIT QUERY

Unit : Provincial Administration
Programme : Personal Emolument
Activities : Various

PARAGRAPH 94

Accounting and Other Irregularities

94. An examination of accounting and other records maintained at the Provincial Administration and District Offices carried out during the period from February to April, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Irregularities in Establishment Register

The Controlling Officer submitted that the approved establishment for the accountants in the Province stood at nine and of these, eight were filled.

With regard to the recruitment of six accountant positions without authority, the Controlling Officer explained that the practice was that all accountant positions were recruited by the Ministry of Finance and then seconded to the provinces. Therefore, the authority to recruit for these positions was maintained by Finance in consultation with the Secretary to the Treasury.

Your Committee was further informed that when an individual was recruited by the Ministry of Finance, he/she was sent to the Province by Finance with an accompanying appointment letter and this was the letter that the province used to introduce the new recruit on the payroll. Thus, at the time of audit, the Provincial Administration did not keep any other authority to introduce the accountant on the payroll but operated within the approved establishment.

Committee’s Observations and Recommendations

Your Committee expressed concern as to why the explanation was not rendered to the Office of the Auditor General during the audit process and sternly cautions the Controlling Officer against paying little attention to the audit process. The Controlling Officer is further urged to ensure that the matter is followed up with the Ministry of Finance to have it regularised and a progress report is awaited by your Committee.
b) **Misplacement of Payroll Area - K333,527**

The Controlling Officer informed your Committee that the Provincial Administration had embarked on an exercise to ensure the payroll was audited in order to ensure that personnel were stationed at their respective payroll area within the Province. In this regard, should officers that may have been transferred from one place to the other without the corresponding change in the payroll detail be identified, amends to such records would be undertaken.

**Committee’s Observations and Recommendations**

Your Committee observes with concern that this irregularity may result in the loss of government funds through payments to non-existent (ghost) workers or employees paid for work not done and urges the Controlling Officer to ensure that investigations by management are expedited and a report submitted for audit verification. A progress report is awaited by your Committee.

c) **Irregular Payment of Rural and Remote Hardship Allowances - K1,014,004**

The Controlling Officer submitted that contrary to the Auditor’s observations; the physical count of the affected staff was twenty-four and not one hundred and thirty-five. In this regard, the error in the number of affected staff seemed to be coming from the count of serial number entries rather than limiting a total number of entries to a specific individual.

The Controlling Officer further explained that an examination and application of the rules on receipt of remote and hardship allowances confirmed that the four staff were not entitled to rural hards, hardship allowance and this anomaly had since corrected and deductions effected.

Further, of the three staff on remote hardship allowance, your Committee was informed that all of them were entitled to remote allowance. It was, however, important to clarify that the decision for a person to qualify to either of these allowances was determined by external factors such as the payroll area which were computed by the distance coordinates in-built in the payroll database. Therefore, the errors of inclusions or exclusion tended to originate at the time of a payroll area by the super users of the PMEC system. This error for instance was true in the case of officers from the Forestry Department who were erroneously coded by the Ministry of Lands as being a rural area when in fact not. The following were submitted as being entitled to the Rural Hardship Allowance as they were working from places classified as rural by the rules.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that Terms and Conditions of Service of the Public Service are adhered to at the Provincial Administration Office. The Controlling Officer is further urged to ensure that action is taken against the officer(s) who authorised/approved the payments or inputs in PMEC and also recover the allowances paid to the ineligible officers. A progress report is awaited by your Committee.

d) **Overpayment of Housing Allowance**

Your Committee was informed that some officers were not overpaid at the time of Audit, the Officers were under the Police and Prisons Commission Service with PSS 12 salary Scale, which entitled them to 40 percent of their basic pay as housing allowance. However, two officers were under the Civil Aviation and held positions of Firemen and were also entitled to 40 percent Housing allowances as they drew the same salary with the Police Men. As for the remaining two officers, the officers were on suspension, receiving half pay of their basic salaries and 20 percent of their full basic pay as housing allowance.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that allowances at the Provincial Administration were paid to eligible staff officers at correct rates and that the amounts over paid should be recovered from the concerned officers. A progress report would be awaited by your Committee.

OFFICE OF THE PRESIDENT - NORTH WESTERN PROVINCE

AUDIT QUERY

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Accounting and Other Irregularities

95. An examination of accounting and other records maintained at the Provincial Administration carried out in April, 2015, revealed some weaknesses to which the Controlling officer responded as set out below.

a) Irregular Payment of Housing Allowance - K312,293

The Controlling Officer submitted to your Committee that management had since instituted recoveries from all the officers that were irregularly paid and this could be verified by the auditors on October, 2015 pay slips.

Committee’s Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that the end-users in the ministry monitor such irregularities to avoid recurrence. Additionally, he is urged to ensure that he liaises with the Secretary to the Treasury to resolve all payroll related matters without any further delay as the systems have proved to be problematic in many instances. Your Committee resolves to await a progress report on the matter.

b) Irregular Payment of Salary - K25,740

The Controlling Officer submitted to your Committee that management had taken note and would ensure that recoveries from the salaries in amounts totalling K25,740 were made. He also indicated that the officer proceeded for studies outside the country without approved study leave and his office blocked her salaries on the payroll as soon as it was noticed in July, 2014. However, the officer had reported back at Civil Aviation Headquarters and recoveries would be instituted as soon as her salary was unblocked.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the human resource officers who should have ensured that the salaries were paid at the applicable rate or not paid at all following the officer’s absence from work for purpose of study. In addition, he is strongly urged to ensure that the supervising officers are sternly cautioned to ensure that whenever their officers are leaving station, record must be there so that they have a satisfactory explanation to give to any stakeholders who may need to know where the officers under their supervision are. Your Committee resolves to await a progress report on the matter.
c) Irregular Payment of Rural Hardship Allowances - K41,412

The Controlling Officer submitted to your Committee that management had since instituted recoveries from all the officers that were irregularly paid and this can be verified by auditors on October, 2015 pay slips.

Committee’s Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that the end-users in the ministry monitor such irregularities to avoid recurrence. Additionally, he is urged to ensure that he liaises with the Secretary to the Treasury to resolve all payroll related matters without any further delay as the systems has proved to be problematic in many instances. Your Committee recommends the matter for closure subject to audit verification.

d) Unsupported Payment - K71,304

The Controlling Officer submitted to your Committee that it was correct that at the time of audit ten payments in amounts totalling K71,304 in respect of receipts, acquittal sheets and invoices were not availed to the auditors’. However, documents supporting payments amounting K18,422.30 had since been traced, efforts were being made to trace the other eight remaining supporting documents for the balance totalling K52,881.70.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against erring officers and also that all the remaining supporting documents are traced without any further delay. Your Committee awaits a progress report on the matter.

e) Unaccounted for Stores - K319,884 (General Stores - K48,468 and Fuel – K276,416)

The Controlling Officer submitted to your Committee that it was correct that at the time of audit payments in amounts totalling K319,884 (General Stores- K48,468 and Fuel – K276,416) had no receipt and disposal details. However, efforts were being made to trace receipts and disposal details totaling K319,884.

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against erring officers and also that all the remaining supporting documents are traced without any further delay. Your Committee awaits a progress report on the matter.

f) Misapplication of Funds-Rehabilitation of Infrastructure - K984,179

The Controlling Officer submitted to your Committee that he acknowledged the observations made but stated that funds were borrowed to facilitate office operations and other logistics due to inadequate funding in 2014. Management would ensure that this does not reoccur and had since paid back K50,000 and the balance remaining would be paid back when funds were made available.

Committee’s Observations and Recommendations

Your Committee cautions the Controlling Officer to desist from flouting the appropriation Act of 2013 and is directed to ensure that funds are reimbursed as soon as funding is made available. Your Committee resolves to await a progress report on the matter.
g) Questionable Air Travel

The Controlling Officer submitted to your Committee that the said expenditure could not be said to be questionable because it was done in the interest of efficiency and effectiveness as was always the practice by Ministers and Controlling Officers covering such long distances. Instead of spending almost half a day travelling, arrangements were made for drivers to leave in advance as the concerned officers remain in office attending to the ever pressing office matters.

He also submitted that flying between Solwezi and Lusaka took only one hour while travelling by road took an average of 10 hours. Besides, officers at the levels of Ministers and Permanent Secretaries were entitled to the best mode of transport for local travel and business class for foreign travel. This practice under discussion was obtaining in all MPSAs for reasons stated above.

Committee’s Observations and Recommendations

Your Committee did not accept the reason given by the Controlling Officer as it is not morally right to incur double expenditure on one trip. He is urged to ensure that the practice of sending a vehicle by road and thereafter flying to the same destination by some senior officers is discontinued because your Committee feels that it is increasing government expenditure unnecessarily. The Controlling Officer is also cautioned to ensure that he led by example on protecting the resource envelope and matters related to public expenditure. The matter is recommended for closure subject to audit verification.

OFFICE OF THE PRESIDENT-NORTH WESTERN PROVINCE

AUDIT QUERY: PARAGRAPH 96
PROGRAMMES : Rural Roads Unit
ACTIVITIES : Various

Accounting and Other Irregularities

96. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected road projects carried out in April, 2015, revealed weaknesses to which the Controlling Officer responded as set out below.

a) Unaccounted for Fuel - K665,845

The Controlling Officer submitted to your Committee that Management had noted the concerns raised by the auditors where log books were not used by the operators at sites. Therefore, the use of Log books had since been reintroduced. At the time of issuing of fuel worth K665,845 the operators were made to sign in the note books as evidence of having received fuel. The note books were available for audit. The officer who was supervising the works had since been dropped and replaced by another person.

Committee’s Observations and Recommendations

Your Committee notes the submission and urges the Office of the Auditor General to keep the matter in view in future audits.

b) Rehabilitation of Manyinga - Choongo Road

The Controlling Officer submitted to your Committee that the funds amounting to K294,779 were spent on allowances and fuel to rehabilitate the road in question. It was noted that in the Initial budget the culvert installation was not costed as could be evidenced on the bill of quantities. Not all
the fuel was used on the 2 km stretch, some of the fuel was borrowed to do the works in Kanongesha road, where the fuel was misused by an officer who had since been recommended for dismissal. Fuel was not bought in Solwezi at K8.59 per litre, but in Manyinga at a unit price of K10.63 which translated to 19,495 litres. This was done in order to avoid cost associated with transporting fuel from Solwezi to Manyinga.

**Committee’s Observations and Recommendations**

Your Committee found it unacceptable that only a 1.8 Kilometre stretch is done despite using the whole amount of money allocated for the project. It further observes with concern that an officer diverted some of the fuel meant for this project to another project without authority. Your Committee urges the Controlling Officer to ensure that fuel is reimbursed and that the projected is worked on expeditiously. He is further urged to ensure that disciplinary is instituted against the erring officer. Your Committee awaits a progress report on the matter.

**OFFICE OF THE PRESIDENT – NORTH WESTERN PROVINCE**

**AUDIT QUERY**

**PROGRAMMES**: Poverty Reduction Programmes (PRPs)

**ACTIVITIES**: Various

**Accounting and Other Irregularities**

97. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in April, 2015, revealed weaknesses to which the Controlling Officer responded as set out below.

a) **Misapplication of Funds - K2,398,511**

The Controlling Officer submitted to your Committee that the funds amounting to K2,398,511 were not transferred to Poverty Reduction Programmes (PRP) account, but were used in Recurrent Departmental Account on pressing issues that needed financing during the said period. Management had taken note although this happened due to lack of funding. The funds would be paid back as soon as they were adequately funded possibly in the financial year 2016.

**Committee’s Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer to desist from abrogating the Appropriation Act and was directed to ensure that recoveries are made and that funds are sent to the rightful and intended end-users without any further delay. Your Committee awaits a progress report on the matter.

b) **Undelivered Building Materials - K15,550**

The Controlling Officer submitted to your Committee that it was true that building materials amounting to K15,500 were not delivered at Lamba Secondary School at the time of audit. The suppliers had since been written to and instructed to deliver the materials that were never delivered. They had also written to the Attorney General to help them recover the funds.

**Committee’s Observations and Recommendations**

Your Committee resolves to await a progress report in the matter.
c) Infrastructure Development

• Construction of Zambia Compound Health Centre, Staff Houses and Three Pit Latrines - K473,688
The Controlling Officer submitted that contrary to the auditors’ observations, works were completed. The Ventilated Improved Pit (VIP) Latrines were varied to flushable toilets and shower rooms. The solar installation was varied to Hydropower system which was installed and was working. The poor workmanship had been noted by management. The completion certificate had not been issued and no money had been paid to the contractor. The contractor had since forfeited the retention fee amounting to K14,381.81 which would be used to rectify the defects.

Committee’s Observations and Recommendations

Your Committee observes with concern that the contractor had no capacity despite being given a contract to carry out works for such a huge contract. It further observes that liquidated damages are not imposed on the contractor as completion is delayed coupled with poor workmanship. Your Committee urges the Controlling Officer to ensure that works are rectified and that liquidated damages are claimed from the contractor without any further delay. Your Committee awaits a progress report on the matter.

• Construction of Zangamenu Health Centre, Staff House and Three Pit Latrines
The Controlling Officer submitted that this happened when officer from the Buildings Department arbitrary carried out variations without authority from the Provincial Tender Committee. Disciplinary action had since been commenced against the officer who certified the works that were never done and a Letter to the officer was available for audit verification. The solar installation was varied to Hydropower system which had been installed and was working.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that officers are becoming inept in taking advantage of the weak control systems in the payment process of construction works. The Controlling Officer is directed to report the matter to the law enforcement agencies as clear guidelines are flouted at will by the officer which is highly irregular. Your Committee also urges the Controlling Officer to ensure that internal controls on payment of construction works are strengthened at the Provincial Administration Office. Your Committee awaits a progress report on the matter.

• Construction of Weighbridge Health Centre, Staff House and Three Pit Latrines
The Controlling Officer submitted that this contractor has since been written to, asking him to refund the K18,000 overpaid to him and also the officer had been written to and asked to show cause why disciplinary action should not be taken against him.

Committee’s Observations and Recommendations

Your Committee finds it unacceptable that officers are becoming inept in taking advantage of the weak control systems in the payment process of construction works. The Controlling Officer is directed to report the matter to the law enforcement agencies as clear guidelines are flouted at will by the officers which is highly irregular. Your Committee also urges the Controlling Officer to ensure that internal controls on payment of construction works are strengthened at the Provincial Administration Office. Your Committee awaits a progress report on the matter.
An examination of accounting and other records maintained at the Provincial Administration carried out in April, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unsupported Payments - K447,556**

The Controlling Officer submitted that some of the challenges emanated from the fact that suppliers were being issued with cheques without demanding for cash sale receipts on an exchange basis. This scenario was bound to present issues of follow-ups and eventual delays in the collection of receipts especially if the supplier was based outside town. In order to mitigate this, your Committee was informed that measures had been put in place to issue cheques to suppliers only when they produced a receipt in exchange.

Your Committee was further informed that the amounts totalling K156,323.60 involving thirty transactions had since been supported leaving a balance of K291,232.40 Frantic efforts were being made to support the rest of the payments.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that payments could have been fraudulently made and the validity of the transactions could not be established. The Controlling Officer is urged to ensure that all payments are made as per Financial Regulations number 45 and 65 and that disciplinary action is instituted on the officers who failed in their duties. Your Committee resolves to await a progress report on the payments of K291,232.40 which are not supported with the relevant documents.

b) **Unretired Accountable Imprest - K17,100**

The Controlling Officer informed your Committee that the imprest was being recovered from the officers through the payroll and the pay slips were available for verification.

**Committee’s Observations and Recommendations**

Your Committee recommends the matter for closure subject to audit verification.

c) **Irregular Use of Accountable Imprest - K75,665**

The Controlling Officer submitted the breakdown for the K60,797.92 is as follows:

- amounts for events totalling K22,673 were issued as imprest to expedite the procurement of requisites for commemorations such as Labour Day and the Public Service Day. The delayed funding meant that there was no adequate time left in which to effect the required procurement using the laid down tender procedures. In light of this, there was no option but to issue Imprest in order to meet the deadline given that the events were on fixed dates. The Controlling Officer, however, submitted that the Provincial Administration Office would in future, endeavor to be more proactive with the Treasury so that funding for events and celebrations was released in a timely manner;
• amounts totalling K5,738 were issued as office imprest to cater for expenses of a minor nature such as office entertainment. The Controlling Officer informed your Committee that the Secretary to the Treasury had allocated and approved fixed floats that could be drawn in the form of standing imprest to be applied on such expenses;

• amounts totalling K4,400 were issued as imprest to officers to enable them remit tuition fees as there was a requirement to deposit cash as opposed to cheques;

• amounts totaling K14,642.92 were issued as imprest to cater for monthly funding for the District Commissioner’s Office. However, this money had been retired; and

• regarding the transportation of personal effects and the procurement of a battery, your Committee was informed that the officers who were issued with imprest totalling to K4,789 to cater for the battery and stationery had since attached three competitive quotations for their respective transactions and these were available for audit verification.

Committee’s Observations and Recommendations

Your Committee expresses displeasure at the way imprest was being managed by the Provincial Administration Office. In this regard, in addition to effecting the recoveries, the Controlling Officer is urged to institute disciplinary action on the officers who authorised these payments to avert the recurrence of the anomaly. A progress report would be awaited by your Committee.

d) Questionable Imprest Retirements - K75,208

The Controlling Officer clarified that the amount in question of K75,208 as per the Auditor General’s AR schedule No. 8 was in correct. In this regard, the amount of error on imprests paid was K52,181.74 which had been fully retired in that the missing details such as the fuel formula, acquittals, dates and places had been indicated. In addition, the log books were made available for audit verification.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

e) Failure to Produce Activity Reports - K55,300

The Controlling Officer submitted that all the reports were available for audit verification.

Committee’s Observations and Recommendations

In closing the matter, your Committee urges the Controlling Officer to be strict with the submission of monitoring and other assignment reports as it is the only way the Province would derive full value from the tours conducted by the officers. They resolve to close the matter subject to audit verification.

f) Overpayment on Training Expenses - K20,080

The Controlling Officer informed your Committee that the recoveries had been effected through the payroll and the PMEC input schedule was available for audit verification.
Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to take disciplinary action against the Officers who authorised the payments. The matter is, however, recommended for closure subject to audit verification.

g) Unaccounted for Stores - K436,021

The Controlling Officer submitted that general stores amounting to K273,336.50 had been accounted for leaving a balance of K27,493.50. Additionally, fuel amounting to K41,520 had also been accounted for leaving a balance of K93,671.

Committee’s Observations and Recommendations

Your Committee observes that the Provincial Administration Office had a lot of work to do with regard to improving on record keeping. Your Committee is of the view that with close supervision, the officers responsible for stores would have secured the stores records in question. In this regard, the Controlling Officer is urged to ensure that internal control measures are strengthened. He is further urged to ensure that the remaining disposal details are traced without further delay and submitted for audit verification. A progress report on the matter is awaited by your Committee.

h) Undelivered Stores

The Controlling Officer submitted that stores items costing K18,359 had been delivered and were ready for audit verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that all the stores procured are accounted for to avoid the loss of public funds. He is reminded that the risk of this anomaly is that if goods are not accounted for, then Government would not be able to deliver them to the intended beneficiaries. The matter is, however, recommended for closure subject to audit verification.

i) Failure to Remit Tax to ZRA - K703,984

The Controlling Officer submitted that it was regrettable that tax deducted during the period could not be remitted to ZRA due to inadequate cash flows. However, measures had been taken to ensure that any allocation of cash to cater for settling in allowances was apportioned between the beneficiary officer and the Pay As You Earn (PAYE) on a pro rata basis based on prevailing tax rates.

Committee’s Observations and Recommendations

Your Committee cautions the Controlling Officer against his failure to remit statutory obligations which is a serious irregularity and is therefore, urged to ensure that all taxes deducted are remitted to the Zambia Revenue Authority without further delay. Your Committee awaits a progress report on the matter.

j) Failure to Collect Outstanding Rentals - K189,700

The Controlling Officer informed your Committee that K39,400.00 had been collected and deposited in the Control 99 Account. Furthermore, the Controlling Officer had specifically designated an accountant under the Livingstone District Administrator’s Office to timely collect the rentals in question.
Committee’s Observations and Recommendations

Your Committee expresses concern that this amount accumulated as far back as 2008, which is a demonstration that the collection of rentals had not been prioritised by the Provincial Administration Office. Your Committee, therefore, urges the Controlling officer to collect the outstanding arrears without further delay. A progress report is awaited by your Committee.

OFFICE OF THE PRESIDENT – SOUTHERN PROVINCE

AUDIT QUERY

PROGRAMME : 6076 Infrastructure Development (Southern)
ACTIVITIES : Various

Accounting and other Irregularities

99. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in April and July, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Fuel Drawn by Non RRU Vehicles - K9,978

The Controlling Officer submitted that that all the vehicles that were drawing fuel were Government vehicles and were on Government duty.

Committee’s Observations and Recommendations

Your Committee expresses concern that the fuel drawn by the non RRU vehicles are used on other activities other than the grading of rural roads, thereby, delaying the completion of projects and consequently, retarding development. In this regard, the Controlling Officer is urged to present evidence that the non RRU vehicles that drew fuel are given prior authority by the Provincial Administration Office before drawing the fuel and that the departments that drew the fuel reimburse it without further delay. A progress report would be awaited by your Committee.

b) Procurement of Construction Equipment – Water Bowser - K490,000

The Controlling Officer informed your Committee that the defects on the water bowser had been attended to and the water bowser was operational. Further, as per the ZPPA Act, the Local Purchase Order was representative of a contract for amounts below the threshold of K500, 000 and as such, simplified bidding was used.

Committee’s Observations and Recommendations

Your Committee expresses concern that the entire procurement process was flawed given that the water bowser was procured without a contract. It observes that this weakness would have resulted in the loss of public funds in the absence of a contract and the equipment could have been procured fraudulently. In this regard, the Controlling Officer is urged to take disciplinary action against the erring officer(s). The matter is, however, recommended for closure subject to audit verification.

c) Wasteful Expenditure for Fuel Storage Tanks - K14,400

The Controlling Officer submitted that the tanks in question were being used on construction sites as water storage tanks.
Committee’s Observations and Recommendations

Your Committee observes with concern that the failure to procure water and not fuel storage tanks resulted in the loss of public funds. Further, due to the poor assessment of what is required, the Provincial Administration Office is made to find alternative uses for the fuel storage tanks which is tantamount to misapplication as the funds are not used for the intended purposes. In view of this serious omission, the Controlling Officer is strongly urged to institute disciplinary action against the erring officer and ensure that officers at the Provincial Administration Office follow the required specifications when procuring goods to avoid such audit queries. However, your Committee resolves to await a progress report on the status of the fourth water tank and what is being used for fuel storage at the project sites in the districts.

d) Failure to Utilise Materials (Cement and Concrete Pipe Culverts)

The Controlling Officer submitted that the delivered materials had been used on the construction of culverts beginning with Mulila-Mpande portal culvert in Macha which had since been completed. Further, the remaining materials had been handed over to the Zambia National Service (ZNS). Your Committee was further informed that the schedule of planned works and the Bill of Quantities were available for verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to avoid procuring materials without a proper plan on how and when the materials would be used. The Matter is, however, recommended for closure subject to audit verification.

e) Physical Inspection

The Controlling Officer submitted as follows:

• The Tara Katete road in Kalomo was water logged and the section was skipped to allow water levels to go down. However, the defects had since been worked on.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

• The Zimba-Chundwe road in Zimba, had been worked on.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

• The Choma-Mochipapa road in Choma had been worked on.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.

• The U2 Buleya Malima and Maamba-Syampondo roads in Sinazongwe, had been worked on.

Committee’s Observations and Recommendations

Your Committee recommends the matter for closure subject to audit verification.
• The Muzoka-Ndondi road in Pemba, had been worked on.

   Committee’s Observations and Recommendations
   
   Your Committee recommends the matter for closure subject to audit verification.

• The Munyumbwe-Chipepo road in Gwembe had been worked on.

   Committee’s Observations and Recommendations
   
   Your Committee recommends the matter for closure subject to audit verification.

• The Chisekesi-Chikuni road in Monze had been worked on.

   Committee’s Observations and Recommendations
   
   Your Committee recommends the matter for closure subject to audit verification.

• The Chivuna Namaila road in Monze had been worked on.

   Committee’s Observations and Recommendations
   
   Your Committee recommends the matter for closure subject to audit verification.

• The Kariba Store, Namoomba road in Siavonga had been worked on.

   Committee’s Observations and Recommendations
   
   Your Committee recommends the matter for closure subject to audit verification.

OFFICE OF THE PRESIDENT – SOUTHERN PROVINCE

AUDIT QUERY

PROGRAMME : Personal Emoluments
ACTIVITIES : Various

Accounting and Other Irregularities

100. An examination of accounting and other records maintained at the Provincial Administration carried out in July, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Discrepancies between Staff Establishment and the Payroll - K9,874,416

   The Controlling Officer informed your Committee that after the creation of the new districts in the Province, the payroll was updated to accommodate the new entrants. However, the staff establishment remained unchanged hence the discrepancy.

   Committee’s Observations and Recommendations

   Your Committee urges the Controlling Officer to ensure that the approved staff establishment are updated without further delay in an effort to correct the discrepancy. In this regard, your Committee awaits a progress report on the matter.
b) **Housing Allowance Paid Using Wrong Rates - K17,429**

The Controlling Officer submitted that investigations were ongoing with the PMEC Director to verify the disparities on the payroll system in relation to the paid housing allowance rates, since it was a default function of the Payroll system.

**Committee’s Observations and Recommendations**

Your Committee notes that the Controlling Officer acknowledges that the wrong rates are used in the payment of allowances. In this regard, the Controlling Officer is urged to expedite the investigations and if overpayments are confirmed, recoveries must be instituted from the affected officers without further delay. Your Committee awaits a progress report on the matter.

c) **Over Payment of Transport Allowance**

The Controlling Officer informed your Committee that the Provincial Administration Office immediately effected investigations through the Director PMEC to ascertain whether the anomaly was as a result of the payroll system or the input of a wrong code. The investigations had not been concluded. The Controlling Officer assured your Committee that the situation would be corrected once investigations were concluded.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to strengthen internal controls and ensure that investigations were expedited. If overpayments were confirmed, recoveries should be instituted from the affected officers without further delay. Your Committee awaits a progress report on the matter.

d) **Rural and Remote Hardship Paid to Ineligible Employees**

The Controlling Officer informed your Committee that a follow up was immediately made with the Payroll Management and Establishment Control (PMEC) since rural and remote hardship allowances were station related allowances and were set by default in the system to automatically be processed onto the payroll. However, The Controlling Officer is yet to get the feedback on the same from PMEC.

**Committee’s Observations and Recommendations**

Your Committee observes that this is yet an indication of poor internal controls and supervision at the Provincial Administration Office. In this regard, he is urged to strengthen internal controls and ensure that investigations are expedited. If it is discovered that allowances are paid to ineligible officers, recoveries must be instituted from the affected officers without further delay. Your Committee awaits a progress report on the matter.
ACCOUNTING AND OTHER IRREGULARITIES

101. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in April, 2015, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) Unsupported Payments

The Controlling Officer submitted that payments in amounts totaling K18,839 had since been supported and were available for verification.

Committee’s Observations and Recommendations

Your Committee urges the Controlling Officer to ensure that disciplinary action is instituted against the officers who failed in their duties and that measures are put in place to avert recurrence of the anomaly. Your Committee resolves to close the matter subject to audit verification.

b) Unaccounted for Stores - K39,748

The Controlling Officer informed your Committee that K33,697.60 had been accounted for leaving a balance of K6,050.40. In this regard, frantic efforts were being made to account for the remaining balance.

Committee’s Observations and Recommendations

Your Committee observes that the failure to account for stores is a very serious omission as it made it difficult to establish whether goods were procured and utilised by the intended beneficiary departments. Your Committee therefore, urges the Controlling Officer to ensure that there is close supervision of the officers managing stores. Your Committee resolves not to close the matter until all the receipts and disposal details are traced and availed for audit verification.

c) Failure to Construct Chiefs Palaces - K1,228,541

The Controlling Officer informed your Committee that the construction of the palaces had since been commenced and works were progressing well after receiving the approved Bill of Quantities (BOQs), schedule of works and guidelines from the Ministry of Chiefs and Traditional Affairs Headquarters in Lusaka.

Committee’s Observations and Recommendations

Your Committee expresses concern that despite the availability of funds, the commencement of works on the palaces has been delayed. The Controlling Officer is strongly urged to desist from retarding programmes by not implementing funded projects and ensure that the current works are thoroughly supervised and completed without further delay. A progress report is awaited by your Committee.
d) Misapplication of Funds - K609,155

The Controlling Officer informed your Committee that the amount of K216,079 was spent in anticipation of a reimbursement from the Cabinet Office for funds which the Provincial Administration Office had used on Presidential visits to the Province. A letter was written to the Cabinet Office to net-off the balance of Presidential funeral funds against the Presidential Visits Claims funds amounting to K326,812.90. With regard to the funds amounting to K393,076 which were alleged to have been misapplied, your Committee was informed that the amount had since been reimbursed.

Committee’s Observations and Recommendations

Your Committee cautions the Controlling Officer to desist from varying funds for activities unrelated to the intended purpose without prior authority. A progress report on the reimbursement of the amounts totalling K216,079 is awaited by your Committee.

CONSTITUTIONAL AND STATUTORY EXPENDITURE - HEAD : 99

AUDIT QUERY

PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

102. An examination of accounting and other records at the Ministry Headquarters carried out in August, 2015, revealed same weaknesses to which the Secretary to the Treasury responded as set out below.

a) Position of Public Debt - K47,780,347,770

The Secretary to the Treasury informed your Committee that the debt position which increased by thirty one percent was attributed to the upward net movement in domestic debt by K2,542,660,473 and in external debt of K8,729,274,719. This increase in the debt levels was mainly due to new external debt Borrowings made during the year under review.

Committee’s Observations and Recommendations

Your Committee expresses great concern at the rate public debt is increasing owing to the fact that the country’s image is at stake. The Secretary to the Treasury is strongly urged by your Committee to ensure that debt contraction is minimised as he is a key player in ensuring that he advises leaders on the implications on the economy. Your Committee further reminds him that the country’s debt levels went to almost nothing about a decade ago but the current debt levels are worrying and he is strongly cautioned to ensure that this is discontinued or curbed. The matter should be kept in view in future audits.

b) Delays in Loan Repayments – External Debt

The Secretary to the Treasury informed your Committee that no penalties were paid during the year under review as all payments were paid within the grace period of 30 days as could be noted from the table in the Audit Report which tabulated the due dates above the payments date that were ranging from 3 to 26 days. It must also be noted that the delay of 26 days was attributed to legal fees and not the servicing of the debt.

He also pledged that the Treasury would always ensure that debt servicing was prioritised even if the revenue levels were low to avoid accumulation of interest charges and was currently ensuring that
profiling for debt servicing was clearly tabulated on a quarterly basis so that funds were secured to service the debt by due dates. It must be noted that this position was brought to the attention of the Auditors during the audit process and the Audit team indicated that the matter would be kept in view during future audits to ensure that the Treasury does not delay the servicing of the debt thereby attracting interest charges.

Committee’s Observations and Recommendations

The matter should be kept in view in future audits.

c)  Inconsistencies Between Treasury Bills and Government Bonds Sale Proceeds at BOZ and MOF

The Secretary to the Treasury informed your Committee that the difference in figures between the Treasury and BOZ was as a result of the Bank of Zambia having adjusted their figures by the amount of off-tender sales for Government Securities after the open sales. In line with his submission on the same matter on the accounts for the financial year ended 31st December, 2013 that, he stated that this problem would be addressed by introduction of the new system for management of Government Securities, (the Central Securities Depository (CSD) that will allow the Treasury to conduct the competitive and off-tender sales online with the Bank of Zambia. He informed the House that the system was installed in October, 2015 and the training of Users was concluded in November, 2015 while the testing of the system was conducted in December, 2015. The installation of this system would provide a platform that would permanently resolve this matter.

On the differences observed in this audit, the Treasury and Bank of Zambia had since reconciled the figures and the Reconciliation Statement and the correspondences between Bank of Zambia and the Treasury were available for audit verification.

Committee’s Observations and Recommendations

Your Committee notes the submission and urges the Controlling Officer to ensure that the matter does not recur. The matter should be kept in view in future audits.

CONCLUSION

103.  Your Committee wishes to express its gratitude to you, Mr Speaker, and the Office of the Clerk for the support rendered to it when considering the Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31st December, 2014. Your Committee further wishes to thank the Controlling Officers who appeared before it and the Secretary to the Treasury for their cooperation.

Finally, your Committee acknowledges the valuable input of the Auditor General, the Accountant General and that of the Controller of Internal Audit when considering submissions from witnesses.
List of Officials

National Assembly
Mr S Kawimbe, Principal Clerk of Committees
Ms M K Sampa, Deputy Principal Clerk of Committees
Ms C Musonda, Committee Clerk (FC)
Mr A Chilambwe, Assistant Committee Clerk
Mrs C T M Kasonde, Assistant Committee Clerk
Ms K Chisenga, Stenographer
Ms F Hamakalu, Typist
Mr M Chikome, Parliamentary Messenger