

REPORT OF THE COMMITTEE ON LOCAL GOVERNANCE, HOUSING, ENVIRONMENT AND CHIEFS' AFFAIRS FOR THE FIRST SESSION OF THE ELEVENTH NATIONAL ASSEMBLY APPOINTED ON 20TH OCTOBER, 2011

Consisting of:

Mr E M Sing'ombe, MP (Chairperson); Mr M H Malama, MP; Mr L Zimba, MP; Dr E Kazonga, MP; Mr A Mbewe, MP; Mr M Ndalamei, MP; Mrs M C Mazoka, MP; and Mrs D Kazunga, MP. The membership of the Committee changed when Mrs D Kazunga, MP, was appointed Deputy Minister and she was replaced by Mr L Katombora whose seat was later nullified by the High Court.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,

Your Committee has the honour to present its Report on the unresolved issues of local authorities for the First Session of the Eleventh National Assembly.

Functions of the Committee

2. In accordance with the National Assembly Standing Orders, the functions of your Committee are to:
 - (i) study, report and make recommendations to the Government through the House on the mandate, management and operations of the Ministry of Local Government and Housing, departments and/or agencies under its portfolio;
 - (ii) carry out detailed scrutiny of certain activities being undertaken by the Ministry of Local Government and Housing, departments and/or agencies under its portfolio and make appropriate recommendations to the House for ultimate consideration by the Government;
 - (iii) consider any Bills that may be referred to your Committee by the House and make, if necessary, recommendations to the Government on the need to review certain policies and/or certain existing legislation; and
 - (iv). consider in detail the annual reports and any other reports of the Ministry of Local Government and Housing, its departments and/or agencies under its portfolio.

Meetings of the Committee

3. Your Committee held nineteen meetings to consider the business for the year.

Procedure adopted by the Committee

4. During the period under review, your Committee considered the 2012 Report of the Honourable Minister of Local Government and Housing on the summarised Audited Accounts of Councils. Principal Officers from local authorities mentioned in the Minister's Report were invited to appear before it. Your Committee also considered the Action-Taken Report on the Committee's Report for the Fifth Session of

the Tenth National Assembly. Further, your Committee undertook a local tour to seven district councils in Central and Southern Provinces in order to familiarise itself with their operations.

Your Committee's Report is, therefore, divided into three parts. The first part deals with the Honourable Minister's Report, the second is on the local tour and the third part is on the Action-Taken Report on your Committee's Report for 2011.

PART I

CONSIDERATION OF THE REPORT OF THE HONOURABLE MINISTER OF LOCAL GOVERNMENT AND HOUSING ON THE SUMMARISED AUDITED ACCOUNTS OF LOCAL COUNCILS

MONGU MUNICIPAL COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD FROM 1ST JANUARY TO 31ST DECEMBER, 2010

Failure to Prepare Financial Statements

5. In response, the Town Clerk stated that what caused failure to prepare financial statements was bad attitude and poor working culture of management and the general workforce, lack of supervision of junior members of staff by senior members and lack of co-ordination. He went on to state that the Council was working with the Provincial Local Government Office to prepare Financial Statements by the end of March, 2012. The Council has also requested for an independent valuer to value all Mongu Municipal Council assets for the preparation of the Financial Statements. There was also an in-house training for members of staff on how to prepare Financial Statements. Further, the Chief Accountant, who was a senior member of staff has been assigned to regularly monitor the maintenance of cash books, bank reconciliations and other books of prime entry. Regular meetings were held by management to review the progress on the closure of accounts.

In noting the submission, your Committee expresses disappointment at the failure by the Council to prepare Financial Statements. It directs the Town Clerk to ensure that the Financial Statements are prepared by May, 2012. Your Committee awaits a progress report on the matter.

Failure to Account for Motor Vehicle Proceeds: K45,000,000.00

6. The Town Clerk in response, informed your Committee that this was caused by negligence on the part of the then Director of Finance who received the money and did not bank it and also by failure to follow the procedure on sale of Council or Government property on the part of management. The then Town Clerk has been suspended and the Director of Finance was transferred to another Council. Letters have been written to both of them directing them to explain the transaction. He went on to state that all Council funds were being received by a Cashier as opposed to just any member of staff and the same was banked on the same day.

Your Committee in noting the submission observes that this is a clear fraud and the sum of K45,000,000.00 should be recovered from the two officers without any further delay. Further, the transfer of the Director of Finance is tantamount to transferring problems to another Council. The Committee thus directs the Ministry of Local Government and Housing to revisit this matter. Your Committee awaits a progress report on this matter.

LUKULU DISTRICT COUNCIL

STATUTORY AUDIT OF DISTRICT FUND ACCOUNT AND CONSTITUENCY DEVELOPMENT FUND (CDF) ACCOUNT FOR THE PERIOD 1ST JANUARY, 2010 TO DECEMBER 2010

Failure to Prepare Financial Statements

7. The Council Secretary in response, submitted that Management could not prepare the Financial Statements for the financial Year contrary to section 43 of the *Local Government Act, Cap 281* of the Laws of Zambia, due to inadequate staff in the Finance Department. He stated that the Council has now prepared the Financial Statements for 2011, with the help of the Provincial Local Government Office and training of all finance staff was also done. The Council has made an appeal to the Local Government Service Commission to fill all vacant positions in the Department in order to avoid the occurrence of the same in future.

Your Committee observes with concern the non-availability of documents at the time of audit, which were subsequently found. Your Committee finds this unacceptable because time in which to resolve queries is given to the auditee. Your Committee directs the Council to prepare the Financial Statements without any delay. It awaits a progress report on the matter.

Non-Maintenance of Cash Books

8. In response, the Council Secretary informed your Committee that the anomaly was created as a result of poor staffing levels in the Finance Department. The cashbooks have been prepared for all accounts and were ready to be verified by the Auditor. The Council also submitted that it requested the Provincial Local Government Office to train all finance staff and the training has been conducted.

Your Committee expresses its displeasure at the inertia exhibited by the Council on this matter. It further reminds the Council that the Treasurer should orient staff in keeping cash books and that there is no need to use the Local Government Service Commission's inability to fill the vacant staff positions as an excuse. It awaits a progress report on the matter.

Payments without Critical Support Documents K192,767,000.00

9. The Council Secretary in response, stated that the anomaly was attributed to the poor filing system. A system has been put in place in order to improve the filing system. However, the missing payment vouchers have been traced and are ready to be verified by the Auditor. A strongroom would soon be secured where all accounting documents would be stored after filing. This would eventually reduce the occurrence of missing accounting documents in future. The Council Secretary stated that the strongroom would be ready by end of June, 2012.

In noting the submission, your Committee awaits a progress report on the construction of the strongroom.

Direct Payments to Projects: K42,500,000.00

10. The Council Secretary in response, submitted that payments were made direct to the beneficiary clubs because the communities in question were fully registered clubs with Lukulu District Council and had opened up bank accounts with NATSAVE, Lukulu Branch. The Council has taken note of the advice from the Auditor and would ensure that in future, payments were made to contractors or suppliers.

As regards salaries, the Council Secretary stated that Lukulu District Council was behind by fifty-two months. He added that the wage bill was K87,000,000.00 whilst collections were below K8,000,000.00 per month. He explained that the low revenue collections were due to the interference of the Barotse Royal Establishment which has taken over market and fish levies. He added that the Council was scheduled to meet with the Barotse Royal Establishment to resolve these issues. When asked whether Lukulu District Council has a “paid” stamp, the Council Secretary revealed that the Council, in fact had none.

Your Committee observes that the lack of a “paid” stamp at Lukulu District Council coupled with other anomalies already observed proves its belief that there are vices being committed at the Council. Your Committee directs the Council Secretary to buy a “paid” stamp immediately. Your Committee further observes that the Council Secretary is not effectively leading and managing the Council as the majority of the queries point to lack of supervision. Your Committee also observes that the lack of revenue has adversely affected the Council. In this regard, your Committee notes that though the Council is created for service provision to the people, it is consuming the little money there was which was meant for service provision as it is not raising enough revenue.

KAOMA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY 2010 TO 31ST DECEMBER, 2010

Failure to Prepare Financial Statements

11. The Council Secretary in response, stated that failure to prepare Financial Statements was due to the fact that most of the Council’s assets, that is, office premises and motor vehicles, have not been valued for a long time. Furthermore, there was inadequate capacity building of the finance department staff. The Council Secretary explained that the Council has taken action to engage the office of the Local Government Officer to help give guidance to finance staff on how to prepare the Financial Statements and has also engaged a Government valuer to revalue all Council assets. The 2011 Financial Statements have been prepared with the help of the Provincial Local Government Office using historical costs. These were ready for audit verification.

The Council Secretary further explained that the issue at hand was brought to the attention of the office of the Provincial Local Government Officer to assist in providing technical guidance to the Council. The Council resolved to engage a qualified valuer to help value all the existing Council assets as it had no qualified valuer on its establishment to undertake this exercise. This would assist the Council avoid making the same mistake. There was a budgeted exercise for the valuation of all assets for Kaoma District Council in the second to third quarter of 2012.

In noting the submission, your Committee directs that the valuation of all Council’s assets and subsequent preparation of the Financial Statements be done without any further delay. It awaits a progress report on the matter.

LUANGWA DISTRICT COUNCIL

AUDIT INSPECTION REPORT FOR THE PERIOD 1ST MAY, 2010 TO 30TH APRIL 2011

Alleged Misuse of Public Funds Amounting to K26,000,000.00 Spent on the End of Year Party on 27th December, 2010

12. The Council Secretary in response submitted that Luangwa District Council, in its effort to motivate its lowly paid workforce, held an End of Year Party on 27th December, 2010. However, the expenditure was met from the Miscellaneous Expense Code of the District Fund Account and the actual expenditure on the party was K6,221,000.00 and not K26, 000,000.00 as reported.

The amount of K6, 221,000 is broken down as set out below:

Payment voucher No.	Cheque No.	Amount (K)
1282/10	709641	2,777,000.00
1283/10	709642	2,924,000.00
	709673	520,000.00
	Total	6,221,000.00

Your Committee was informed that the action taken by the Council was to surcharge the Council staff who attended the party to recover the total amount spent on the party. The Council Secretary acknowledged that public funds should not be spent on activities which had no bearing on service provision, which was the mandate of local authorities.

Your Committee expresses concern at the disparity of the figures reflected in the audit report, in this case K26,000,000.00 and the K6,221,000.00 indicated as the correct amount by the Council. Your Committee observes that surcharging party invitees (employees) is unjust. Consequently it recommends that the Principal Officer be charged instead.

Imprest wrongly obtained for Purchase of Building Materials/Payment of Wages K16,975,000.00

13. In response, the Council Secretary informed your Committee that the Council did not maintain any imprest ledgers or registers due to insufficient manpower levels in the Treasury Department. The Council Secretary submitted that the Council requested the Local Government Service Commission to recruit an Accounts Officer as a means to improve manpower levels. However, the Officers involved have since retired the imprests. Your Committee was further informed that upon increasing manpower levels in the department, supervision would be enhanced to ensure imprest ledgers and registers were maintained.

Your Committee observes that the narration of the query and the response were at variance with the audit query and findings. Consequently, it requests that this be reconciled and reported to your Committee.

LIVINGSTONE CITY COUNCIL

STATUTORY AUDIT REPORT FOR THE PERIOD 1ST JANUARY 2009 TO 31ST DECEMBER 2009

Weaknesses in Internal Control System

14. The Town Clerk in response, reported that during the period under review there were operational challenges due to understaffing and a low number of qualified staff. However, the Council traced the

missing supporting documents and attached them to the payment vouchers which were verified. In addition, the Council has introduced a register of documents movement. This was in order to identify movement of documents so that it was easy to keep track on transfers of records. A specific officer has been assigned to ensure that a record on transfers of documents was kept.

In noting the submission, your Committee wonders why the Council has to wait for the Auditor to bring this up before taking action. Your Committee notes that the management policy has not been prepared. The Town Clerk is given one month in which to prepare the policy. It awaits a progress report on the matter.

Weak Internal Control Check and Internal Audit

15. The Town Clerk in response, informed your Committee that during the period under review the Council faced low staffing levels. In compliance with the provisions of Regulation 23 of the Local Authorities (Financial) Regulations Number 125 of 1992, the Council has an Internal Audit Unit which monitors the internal control systems. The Internal Audit Unit was guided in its operations during the year under review (2009) by an audit program. This resulted in the production of reports which were addressed to the Town Clerk's office for action. The reports were verified. In an effort to further foster the tenets of good corporate governance, the Council in line with Government directive has put in place an audit committee where the internal audit queries and management responses would be scrutinized.

Your Committee in noting the submission, observes that it is more of lack of skills by the staff than low staffing levels. It directs the Council to build the capacity of its staff. It awaits a progress report on the matter.

Lack of Succession Plan

16. The Town Clerk in response, informed your Committee that during the period under review the Council had a system in place which was not formalized. The Auditor's observations have been noted and the Council has since enforced a regime of handover and staff clearance procedures to ensure that a succession plan on staff transfers was satisfactory. Orientation of staff was done upon transfer by the receiving sectional head.

In noting the submission, your Committee observes that the succession policy is not in place, hence the difficulties the Council is experiencing. It directs the Council to start grooming staff that exist in the Council to avoid a crisis when an officer leaves the Council. Internal recruitment will be helpful. Your Committee directs the Council to prepare the succession policy and awaits a progress report.

Assets Revaluations and Supporting Documentations for Purchases

17. The Town Clerk in response, informed your Committee that during the period under review the Council had not engaged valuers due to financial constraints. The Auditor's observations over the non revaluation of fixed assets has been noted. Land and buildings were last revalued in 2005. Currently a supplementary revaluation exercise was under way. Further, three fire engines were recently revalued and the revaluation report was verified. The Council would contract Government valuers to value all its assets.

In noting the submission, your Committee directs the Council to ensure that the revaluation exercise is carried out without any further delay. Your Committee awaits a progress report on the matter.

Un-updated Personal Files

18. The Town Clerk in response, reported to your Committee that at the time of the Audit, the Council was experiencing inadequate staffing levels. The personnel section has since updated the individual personal files. This was an ongoing exercise and the files were currently updated continuously based on the correspondence received on each individual employee. Leave days were updated monthly on each personal file and the information on balances on leave days was separately held in a leave register. The Council has since enforced strict measures in ensuring that leave days were updated monthly by Personnel Section.

In noting the submission, your Committee directs the Town Clerk to ensure that personal files were updated and verified by the auditors. It awaits a progress report on the matter.

Non-Maintenance of Leave Ledger

19. The Town Clerk in response, reported that during the period under review the Council had a leave ledger maintained separately and due to operational challenges, staff failed to avail the ledgers during audit. Commutation of leave days was indicated in the register before any payment was effected at the end of the year. A schedule was produced indicating the accrued leave days for each individual employee. The ledgers were verified. The Council has since reinforced the personnel section through quarterly updates of leave schedules and submitting the same to accounts for regular updates.

Your Committee observes that non maintenance of ledgers is a big accounting anomaly. It directs the Town Clerk to ensure that quarterly updates of leave schedules are prepared. It awaits a progress report on the matter.

Opening and Closing Journals

20. The Town Clerk in response, reported to your Committee that during the period under review the Council had challenges in low staffing levels. The Council now adhered to the process of finalisation of the Income and Expenditure Accounts and Receipts and Payments where journals were passed periodically. The closing and opening journals were verified. The Council has filled the position of Deputy Director of Finance who would be in charge of closing off annual accounts and preparation of opening journals.

In noting the submission, your Committee directs the Council to expedite the closing and opening journals for the financial year 2009. It awaits a progress report on the matter.

Capacity Level of Accounting Calibre (Lack of Qualified Personnel)

21. The Town Clerk in response stated that at the time of audit the Council was experiencing financial constraints and as a result, failed to attract qualified staff to fill in vacant positions. The Council has now recruited a Deputy Director of Finance who is holder of a full CIMA Certificate and a Licentiate member of ZICA, and has encouraged most of the accounting staff to pursue further studies through part time studies. In order to mitigate the challenges of lack of qualified manpower, management has put in place a training policy which has been approved by the Council under minute number LCC/465/10. Further, management encouraged all members of staff to upgrade their academic and professional qualifications. The Council has written to the Local Government Service Commission for permission to send some officers for further training and recruit suitably qualified staff in future.

In noting the submission, your Committee directs the Council to take staff training as part of the

succession plan. Your Committee also expresses concern that a City Council has so many queries when it is supposed to be a model for the smaller councils. It notes that the queries that are brought before your Committee are within the capacity of the Council to sort out. It observes that the problems within the Council were due to lack of supervision.

CHIBOMBO DISTRICT COUNCIL

A. AUDIT INSPECTION REPORT ON THE ACCOUNTS FOR CHISAMBA, KATUBA AND KEEMBE CONSTITUENCIES FOR THE PERIOD COVERING 1ST JANUARY 2008 TO 31ST OCTOBER, 2011

General Weaknesses

22. The Council Secretary in response, informed your Committee that there was so much political interference by Area Members of Parliament in the utilization and management of Constituency Development Fund. In some cases, officers who wanted to follow the laid down procedures were threatened with transfers as they were perceived to be delaying development. However, the Council has since distributed the copies of the Constituency Development Fund guidelines of 2006, to all Councillors and Members of Parliament so as to bring to their attention the contents of the guidelines. The Council would conduct a one day meeting with all Councillors and Members of Parliament to orient them on the utilisation and management of Constituency Development Fund.

Your Committee is alarmed at the levels of interference by the area Members of Parliament in the utilization of Constituency Development Fund. It urges the Council Secretary to be firm and follow the Constituency Development Fund guidelines of 2006, when administering Constituency Development Fund. Your Committee awaits a progress report on the orientation workshop.

Instruction to effect payment at the instigation of the area Member of Parliament and not the Constituency Development Fund Committee

23. The Council Secretary in response, informed your Committee that despite providing guidance to the area Members of Parliament on the authorization and approval of payments on Constituency Development Funds, the Area Members of Parliament disregarded the guidance from the Council. The Council has since distributed the copies of the Constituency Development Fund guidelines of 2006 to all Councillors, including Members of Parliament, to bring to their attention the contents of the guidelines. The Council would conduct a one day meeting with all Councillors so as to orient them on the utilization and management of Constituency Development Fund.

In noting the submission, your Committee expresses disappointment at how Constituency Development Fund was administered in Chibombo District Council. It is unfortunate that the Members of Parliament who are conversant with Constituency Development Fund guidelines could put so much pressure on the Council Secretary. Your Committee awaits a progress report on the orientation workshop.

Unaccounted for Funds

24. K80,000,000.00 paid to Musamba Women's Club

The Council Secretary in response, stated that the acquittal documents by the women's club were actually not presented to auditors at the time of the audit because they were still with the community leaders. The documents have since been retrieved from the recipient clubs and were presented for verification. However, the K150, 000,000.00 paid to Saro Agric Limited for the hammermills was a matter of

investigation before the investigative wings of Government. The Council Secretary went on to state that hammermills were not collected from Saro Agric Limited. The Council has commenced the verification exercise in order to establish the existence of the clubs on the ground.

In noting the submission, your Committee are dismayed that the hammermills were not procured as paid for. It is unfortunate that the area Member of Parliament for Chisamba misused his authority. Your Committee awaits a progress report on the outcome of the investigations.

B. STATUTORY AUDIT AND AUDIT INSPECTION ON CONSTITUENCY DEVELOPMENT FUND (CDF) REPORT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2010

Assets Revaluation and Supporting Documentations for Purchases

25. The Council Secretary in response, regretted the oversight as it was as a result of non availability of funds to finance assets revaluation. The Council has written to the Government Valuation Department to value its assets. The Council Secretary informed your Committee that it would provide adequate budgetary provision for assets revaluation.

In noting the submission, your Committee awaits a progress report on the revaluation of its assets.

Payroll (inconsistencies in employees records)

26. The Council Secretary in response, reported to your Committee that there were some differences in employees records as a result of non reconciliation of payroll management by the officer charged with the responsibility. However, the Council has reconciled all staff records with the salaries records in order to have tarrying records. Copies of leave forms that had not been placed in personal files have since been inserted. Further, efforts were being made to computerize employee records.

In noting the submission, your Committee directs the Council to expedite the computerisation of employee records/pay roll. Your Committee awaits a progress report on the matter.

Statutory Pension and Union Deductions

27. The Council Secretary in response, informed your Committee that it had been experiencing financial challenges resulting in failure to meet statutory contributions. The Council had commenced payment towards its statutory contributions, and as at March, 2012, the Council had remitted a total amount of K176, 000,000.00. Your Committee would be informed on the progress of the matter. The Council had since developed a settlement plan.

Your Committee observes with concern the non-remittance of statutory obligations. It directs the Ministry of Local Government and Housing to start deducting the money from the Council's grant at source and remit the money to the statutory bodies. Your Committee awaits a progress report on the matter.

Irregular Preparation of Bank Reconciliation Statements

28. The Council Secretary in response, reported that the irregular preparation of bank reconciliation statements was as a result of not receiving bank statements on time. The Council has engaged the bank so that interim bank statements are issued to enable the Council to prepare proper bank reconciliation statements. The Council has assigned the Internal Auditor to regularly check the bank reconciliation

statements.

In noting the submission, your Committee directs the Council to complete the preparation of bank reconciliation statements and present them for verification. It awaits a progress report on the matter.

Closing Procedures (Opening and Closing journals)

29. The Council Secretary in response, informed your Committee that the reason for the query was as a result of not closing the books of accounts at the end of year. This was due to an oversight on the part of the officer charged with the responsibility. The Journals for the 2011 financial year would be prepared and presented for verification. Your committee would be informed on the progress of the matter. The Council has assigned the Internal Auditor to regularly check the preparations of the journals at the end of every financial year.

In noting the submission, your Committee directs the Council to prepare the journals for the 2011 financial year. It awaits a progress report on the matter.

Non-Verification of Cash: K 59,222,000.00

30. The Council Secretary in response, reported to your Committee that the sum of K59,222,000.00 had been reported as unaccounted for due to the non verification of cash because the revenue collectors had been manipulating the receipt books. The Council has since suspended the two officers involved and their case awaits conclusion by the Local Government Service Commission to which it had been referred. The Council has assigned the Internal Auditor to conduct the verification exercise weekly.

Your Committee in noting the submission are dismayed at this vice. It urges the Council Treasurer to closely monitor revenue collectors. It awaits a progress report on the decision of the Local Government Service Commission on the two suspended officers.

Irregular/Fraudulently paid out payments – Constituency Development Fund Fraudulent purchase of Chisamba CDF vehicle No. ABV 1000: K 75,000,000.00

31. The Council Secretary in response, reported to your Committee that the irregularities that surrounded the purchase of the Chisamba CDF vehicle registration No. ABV 1000 was as a result of a particular interest and influence by the area Member of Parliament in the matter. The matter regarding the purchase of the said vehicle was before the investigative wings of Government. He added that the vehicle in question has been in the custody of the Chisamba Member of Parliament and is registered in his name. The Council Secretary reported that it would abide by the CDF guidelines of 2006 and the provisions of the *Public Procurement Act No. 12 of 2008*.

Your Committee is dismayed at the incident and wonders how a Member of Parliament could get a Council vehicle and register it in his name. It directs the Council to report progress on the outcome of the investigations.

SERENJE DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY, 2010 TO 31ST DECEMBER, 2010

Asset Management (Non Disposal of obsolete Assets)

32. In response, the Council Secretary informed your Committee that the Council had in the year 2007, requested the Ministry of Local Government and Housing authority to dispose of obsolete vehicles. The Council engaged Hallmark Properties as registered valuation surveyors, to value the vehicles and set reserve prices. However, prospecting buyers had indicated that the reserve prices set were too high as compared to the condition of the vehicles. As a result, the disposal of the vehicles was delayed. Your Committee was informed that the Council had made recommendations to the Ministry of Local Government and Housing for the reserve prices of the vehicles to be reduced as tabulated in the schedule below. In addition, minutes of the Council resolution had been presented to the Auditors for verification. As a remedial measure, the Council has since developed a plan for disposing of obsolete assets whose book value had finished.

S/No	Vehicle Description	Year of 1 st Registration	Location	Condition	Open Market Value K
1	AAR 4595 Nissan Single Cab	1998	Council Rest House	Runner needs attention	R-7,000,000 P-5,000,000
2	AAP 6515 Nissan Double Cab	1997	Council Rest House	Non Runner, very good engine dismantled	R-8,000,000 P-3,000,000
3	AIA 6016 Karibu-Sisu truck	1980	Council General Stores	Non runner fair body, bonnet damaged, engine block available	R-10,000,000 P- 5,000,000
4	AAG 7817 Sisu of Finland	1986	Council General Stores	Non runner, fair body, only engine block available	R-15,000,000 P- 5,000,000

Your Committee resolves to await a progress report on the disposal of the obsolete assets.

Stores Management

33. The Council Secretary in response informed your Committee that the failure to avail the Goods Received Notes was as a result of the Council having only one officer who was not present at time of audit. The Council has since presented the Goods Received Notes to the Auditors for verification and has made recommendations to the Local Government Service Commission to recruit a Stores Assistant to be assisting the Stores Officer.

Your Committee awaits a progress report on the recruitment of the Stores Assistant.

MONZE DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2010

Disparities of Financial Reports

34. The Council Secretary in response, stated that the over expenditure was due to under budgeting and that there was an error of posting on personal emoluments where wages belonging to service provision were posted to personal emoluments instead of service provision votes. The Council noted the overexpenditure on votes and has prepared a supplementary budget to be presented to the Council for ratification.

Your Committee directs the Council to quickly submit the supplementary budget to the Minister of Local Government and Housing for approval. It requests for an update on the matter.

Low Revenue Collection Efficiency

35. The Council Secretary in response, informed your Committee that during the year under review, the Council experienced transport problems which made it difficult to monitor distant revenue points and maintain quick delivery of bills. Evasion in payment of levies by traders was high because Monze had so many routes in and out of the district rendering it difficult to mount revenue check points. The revenue section was also understaffed. He further stated that the Council attended to the problem of transport by buying a vehicle (Toyota Land Cruiser VX registration number ALC 3005) in 2011, specifically for revenue collection to improve its mobility and the vehicle was verified. The Council has engaged six revenue agents to improve the collection efficiency.

Your Committee directs the Council to put in place better revenue collection mechanisms. It further directs that the routes be identified so that levies are collected from traders. Your Committee awaits a progress report on the matter.

Asset Management (Non Disposal of Obsolete Assets) Council

36. The Council Secretary in response, informed your Committee that, indeed, some assets, especially motor vehicles, had outlived their full usefulness. He went on to state that low market values of these assets which was making it costly to advertise and engage the services of the Government Valuation Department, made the Council take time to decide. At the time of audit, the following motor vehicles had already been advertised, valued and offered for sale: Toyota Registration No. AAN 3646, TATA Telcoline Registration No. AAT 2162, and Sisu Truck Registration No. AMA 431. However, these had not been bought. The Council applied to the Ministry of Local Government and Housing for authority to dispose of the assets. The Council has decided to use the service of its Finance Department to value the assets for disposal (book value).

In noting the submission, your Committee directs the Council Secretary to follow-up the issue with the Ministry of Local Government and Housing, so that authority is given to dispose of the assets. Your Committee awaits a progress report on the matter.

Irregularities in the Expenditure System

37. The Council Secretary in response, stated that the omissions noted by the Auditor regarding the paid stamp and some supporting documents that were missing from the payments vouchers are very vital

in the completion of the payment transactions. This was as a result of understaffing in the accounts section and the Council did not have qualified personnel under the Procurement Section. However, all payment vouchers have now been validated by a 'paid stamp' and that all payments with missing attachments had been supported by required supporting documents. The payment vouchers were verified. The Council had since made a request to the Local Government Service Commission to fill in the vacant position.

In noting the submission, your Committee observes that there is laxity in the Council and supervision was lacking. Your Committee directs the Council Secretary to ensure that the vacant position is filled. It awaits a progress report on the matter.

Imprest Management

38. The Council Secretary stated that the Administration Department was understaffed as there was no Deputy Council Secretary and Senior Administrative Officer. The Department was only manned by the Chief Administrative Officer. Low wages for workers at the Commercial Ventures were as a result of a Council resolution. Employees attending training were not bonded, because they were on self sponsorship. The Council has started appraising its staff for 2011. Furthermore, the Council has done some consultations on the training policy and so far the draft copy has been drawn. Copies of the appraisal forms were verified. Further, the Council is awaiting standardization of wages/salaries from the Local Government Service Commission.

Your Committee observes that supervision in the Council is lacking and expresses disappointment that the Council had to wait for auditors in order to start the recoveries. It urges the Council to abide by the Financial Regulations 125 of 1992 and awaits a progress report on the standardization of wages and salaries.

Poor Stores Management System

39. The Council Secretary in response, informed your Committee that the Council has a challenge of proper infrastructure and it does not have a qualified stores officer to properly handle matters of stores. The Council reported that it has made provision for funds in the 2012 budget to rehabilitate the storeroom in an effort to create a spacious storeroom for safe storage of goods and all bin cards had been updated. Furthermore, the Council has also included a provision for the position of stores officer in the 2012 budget and has requested the Local Government Service Commission to employ a stores officer.

In noting the submission, your Committee directs the Council Secretary to follow-up the recruitment of the stores officer. Your Committee awaits a progress report on the matter.

Staff Matters

40. In response, the Council Secretary stated that the oversight of not appraising its staff during the period under review has been noted and attributed this to the understaffing in the Administration Department. There was no Deputy Council Secretary and Senior Administrative Officer. The Department is manned by the Chief Administrative Officer. Low wages for workers at the commercial ventures, is as a result of a Council resolution. There was no bonding of employees attending training because they were on self sponsorship. The Council Secretary further reported that it has started appraising its staff for the 2011. Furthermore, the Council has done some consultations on the training policy and so far the draft copy had been drawn. Copies of the appraisal forms were verified. Regarding low wages, the Council was awaiting standardization of wages/ salaries from the Local Government Service Commission.

Your Committee notes the submission and awaits a progress report on the matter.

Unretired Imprest: K 10,875,590.00

41. The Council Secretary in response, reported that the unretired imprests amounting to K10,875,590.00 were actually an oversight by paying staff. However, Accounts staff has been instructed to recover all the unretired imprests from the affected officers and where records would be found for those that retired imprest, records would be adjusted accordingly.

In noting the submission, your Committee directs the Council Secretary to recover the outstanding imprest of K10,875,590.00 and that the Council should follow laid down procedures with regard to retirement of imprest. It awaits a progress report on the matter.

Unreturned Accounting Documents

42. The Council Secretary in response, stated that the Council was aware that some accounting documents had not been returned or the status was not known at the time of audit. This was because no reminder was made to recipients of the documents by the junior officer who was handling the register. However, the custody of the register of accounting documents has been taken over by a senior officer, who is the Assistant Council Treasurer, and has since written to all those involved. A new register has been opened and copies of memos written were verified.

Your Committee notes that this is negligence of duty. It directs the Council Secretary to urgently collect the accounting documents from those holding on to them. It awaits a progress report on the matter.

SINAZONGWE DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY 2010 TO 31ST DECEMBER 2010.

Weaknesses in Management of Accounting Systems and Internal Control

43. The Acting Council Secretary in response, stated that the computations of annual depreciation were done using the straight line method as advised by the Auditor who had audited the Council's final accounts. The values of some assets were arrived at based on assumptions because some of the assets had no values attached to them. It was either these assets were donated to the Council without indicating their values, for example, the equipment donated to the Council by CARE International and equipment such as the Sisu truck, grader and buildings inherited from the mother district, Gwembe, when Sinazongwe became a district. The Assets Register was availed for the auditor to verify. The Council, however, has taken a step further and hired a valuation officer to value all the assets of which the value was arrived at by assumption.

Your Committee directs the Council Secretary to quickly value its assets. It awaits a progress report on the matter.

NAMWALA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION ON CONSTITUENCY DEVELOPMENT FUND REPORT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2010

Weaknesses in the Management of Accounting System and Internal Controls

44. In response, the Council Secretary disagreed with the Auditor's observation that the value of assets was overstated because the values of the buildings in question were in accordance with the 1996 valuation roll done by professional valuers. However, the Council Secretary acknowledged the fact that, in few cases, cash books were not verified by a senior officer because the officer responsible was on study leave. He said the absence of the officer had resulted in the bank reconciliation statements not being checked.

With regard to the few payments that passed without the approval by the Principal Officer, the Council Secretary said the payments were done with his full knowledge except that they were done when he was attending meetings outside the district while the other signatory was also on leave. He, however, acknowledged that the performance of the payment officer was sub standard such that he misfiled a lot of documents. Your Committee was informed that the Council has commenced enquiries with registered valuation firms, including the Government Valuation Department, on the cost of having its assets valued and the letters were ready for verification. He submitted that cash books and bank reconciliation statements have been verified. Payments that were passed without the approval of the Principal Officer have been signed by the Principal Officer and all documents were now adequately supported and ready for verification.

Furthermore, remedial measures have been taken to avoid the re-occurrence of the same irregularities. A system has been put in place for junior officers to submit their work on a monthly basis for verification by senior officers. The Payment Officer has also been advised to be alert in the execution of his duties and submit payment vouchers to the Principal Officer for signing immediately he came back from meetings in case where payments are made in his absence. The incompetent aforementioned officer was charged for sub-standard performance.

In noting the submission, your Committee attributed the poor quality of work to laziness by the officer. Your Committee directs the Council to ensure that all documents are properly signed. It awaits a progress report on the matter.

Doubtful Value of Assets in Financial Statements

45. The Council Secretary in response, informed your Committee that the Finance Manual for Local Authorities in Zambia did not state clearly how land and buildings should be depreciated. As a result, the Council resorted to the International Accounting Standards guidelines, where a common building had an estimated life of twenty to thirty-five years before it could begin to depreciate. Your Committee heard that the last valuation for the buildings in question was done in 1996 and the Council strongly believed that their current market value was far above the values in the Fixed Assets Register. There was no clear Asset Management Policy from both the Ministry of Local Government and Housing and the local authorities. Further, the Council Secretary explained that they maintained the values because it was the legalised professional valuers who did the valuation. In this regard, the Council has difficulties rewriting the Balance Sheet as recommended by the Auditor.

Your Committee was further informed that the valuation of the assets was included in the Council's 2012 Budget which have since been approved by the Minister of Local Government and Housing. Further, it

was submitted that the Council has commenced enquiries with registered valuation firms, including the Government Valuation Department on the cost of having Council assets valued. In this regard, letters have been written and were ready for verification. The Council intends to undertake this activity in the second quarter of 2012.

In noting the submission, your Committee directs the Council to ensure that its assets are valued. It awaits a progress report on the matter.

Overexpenditure not Supported by Supplementary Estimates

46. The Council Secretary in response, submitted that the overexpenditure on votes such as "Maintenance of bus stops" and "Maintenance of roads and drainages" was necessitated by the adverse effects of the weather and the need to provide some relief to the public by providing these services. The Rosa mini-bus was an investment venture embarked on by the Council which has since made returns and had helped the Council sustain its operations. Your Committee was also informed that the Establishment, Finance and General Purposes Committee, which was held on 28th February, 2011 and the Council meeting held on 8th April, 2011, received the report of this overexpenditure and approved it, and the minutes thereof, were presented for verification.

Further, your Committee was informed that the Council prepared supplementary estimates to normalise the old overexpenditure which were presented and approved by the full Council meeting of 2nd April, 2012. Your Committee also heard that the Council Treasurer has been instructed to review all expenditures on a quarterly basis and advise management on any overexpenditure so that preparation of supplementary estimates could be made. He also submitted that management would be holding a budget performance meeting at the end of every quarter.

In noting the submission, your Committee directs the Council to submit the supplementary estimates to the Ministry of Local Government and Housing for approval. It awaits a progress report on the matter.

Non Preparation of Daily Cash Collections Sheets and Daily Bank Reconciliation

47. The Council Secretary in response, submitted that the officers were inefficient. However, the Treasurer was making efforts to trace the documents that were missing. In this regard, the Treasurer wrote warning letters to the two cashiers on 25th June, 2010 and one cashier was later charged over his sub-standard performance on 1st April, 2011 and given a final reprimand by the Council Secretary on 13th April, 2011. Further, the two officers have been suspended and suspension letters were presented for verification.

In noting the submission, your Committee directs the Council to trace the documents. It awaits a progress report.

Weaknesses in the Stores Management

48. The Council Secretary in response, submitted that the Council had inadequate funds to construct a larger storage facility and there was need to build capacity of the officer maintaining stores records. He said the Council had appreciated the Auditor's recommendations and has since reported to the Council on the need to build a larger storage facility. The report has been approved and was verified. Your Committee was also informed that management would review the Council's financial position at the end of the quarter and, if funds allow, prepare supplementary estimates to include the building of a new storage block. Other than that, the item would be included on the estimates for 2013. Further, the Stores Officer has also been encouraged to volunteer to go for further training at the Chalimbana Local

Government Institute.

Your Committee in noting the submission, directs the Council to build a new storage facility and capacity for the person to be in charge of the facility. It awaits a progress report on the matter.

KALULUSHI MUNICIPAL COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION ON CDF FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2010

Financial Statements not Prepared

49. The Council Secretary in response, informed your Committee that the main reason the Financial Statements were not prepared for the year 2009, was mostly due to non establishment of closing balances for the year 2008, which were the opening balances for the year 2009. However, data required for preparation of Financial Statements for the year 2009, has been put together and Management has commenced the task of making sure that the books of accounts for the periods 2009 to 2011, were prepared and the exercise was expected to be completed by 30th June, 2012. Further, Council administration has embarked on a programme of continuous updating of the books of accounts to avoid recurrence of this anomaly and currently a group of officers had been constituted and were working on the Financial Statements.

In noting the submission, your Committee expresses displeasure at the failure by the Council to prepare Financial Statements which is a requirement under Section 43(3) of the *Local Government Act Cap 281* of the Laws of Zambia. Your Committee directs the Council to prepare the Financial Statements by June 2012. It awaits a progress report on the matter.

Database on Land Administration not Maintained

50. The Town Clerk informed your Committee that the Council did not maintain a computerised database of the plots that were offered, accepted and paid for by developers during the period under review. Kalulushi Municipal Council, however, has been maintaining records of applicants on individual physical files which had not been very comprehensive and also very difficult to maintain in that this required a lot of storage space.

However, the Council, through the concept of continuous improvement also known as Kaizen, was developing a software that would enable the Council to capture information on plots created, plots paid for and status of the plots at any particular time. The process of capturing and entering the information of the computers was on-going, but was being hampered by the lack of qualified staff such as land surveyors. The Council has to outsource from the private sector whenever it had land that required to be surveyed. He went on to state that the Council was computerising its database and once fully completed, it would have a fully established database capable of providing information on plots offered, paid for and the status of the plots available in the district. This information would be able to be accessed by different users.

In noting the submission, your Committee directs the Council to speed up the computerisation of its database. It awaits a progress report on the matter.

Profit and Loss Account not Prepared on Comparative Basis

51. The Town Clerk in response, stated that it did not prepare its profit and loss account for the year

2009, using the format that was approved by the Ministry of Local Government and Housing. However, the Council has started preparing its Profit and Loss Accounts in accordance with the format approved by the Ministry of Local Government and Housing so that there was uniformity with other Councils. Council Management has put measures in place to ensure that finance personnel were taught and updated on the new format.

In noting the submission, your Committee requested a progress report on the matter.

Incorrect Cash Flow Statement

52. The Town Clerk in response, stated that the Council agreed with the observations of the Auditor that it did not prepare its Receipts and Payments Account for the year 2009 using the format that was approved by the Ministry of Local Government and Housing. The Council has now adopted the format so that there was uniformity with other Councils. The measures taken by the Council in this regard were checked and verified by the Auditor. Council Management had put measures in place to ensure that finance personnel were taught and updated on the new format as provided for in the Financial Manual.

In noting the submission, your Committee expresses disappointment that the Council failed to prepare Receipts and Payments Accounts for 2009 despite having received the Financial Manual from the Ministry of Local Government and Housing. Your Committee directs that this be done. It awaits a progress report on the matter.

Lack of Share Certificate

53. The Town Clerk in response, informed your Committee that Kalulushi Municipal Council was one of the two shareholders in Nkana Water and Sewerage Company Limited in which it holds 30% shares while Kitwe City Council holds 70%. The Council did not have the certificates in its possession because Nkana Water and Sewerage Company Limited had not acquired them from the Registrar of Companies. The Council has now taken possession of the necessary documents to show that it is one of the two shareholders in Nkana Water and Sewerage Company Limited. These documents were verified by the Auditor during the verification exercise. The Council has meanwhile requested Nkana Water and Sewerage Company management to ensure that they obtained the share certificates from Patents and Companies Registration Agency. The Council would ensure the share certificate once produced by Patents and Companies Registration Agency was properly secured under lock and key in the Council's strongroom and has since written the company to ensure that the same was obtained and prepared in the Council's name.

In noting the submission, your Committee directs the Council to request the Ministry of Local Government and Housing to assist in the acquisition of the share certificate. It awaits a progress report on the matter.

Title Deeds not Obtained

54. The Town Clerk informed your Committee that a number of factors contributed to the Council's failure to obtain Title Deeds for its properties in time. The major factors were that most Council properties were on unnumbered plots; and hence they were constructed on land that was not surveyed. The process of numbering and surveying the land commenced much later, after the properties were already constructed. However, survey diagrams for some properties had been prepared and numbered by the Surveyor General's office and these were verified by the Auditor. The Council has assigned the responsibility of acquiring Title Deeds for Council properties to officers in the Department of Development and Planning to ensure that all the properties standing on unsurveyed land must have the

land surveyed and numbered. These would then be submitted to the Council for resolution/decision and then recommended to the Commissioner of Lands for offer of Title Deeds. The Council was in the process of tendering the works for survey of the rest of the properties which had been numbered, but not surveyed, so that all the Council properties could be on title.

In noting the submission, your Committee emphasises the importance of the Council obtaining Title Deeds for all its property. It directs the Council to speed up the survey works so that the Council's property is put on title.

MPONGWE DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION ON THE CONSTITUENCY DEVELOPMENT FUND REPORT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2010

Financial Statements not Prepared

55. The Council Secretary in response, reported that the Council was unable to prepare the Financial Statements because the real values of all its assets were undetermined. However, the properties and other assets have been valued by the Government Valuation Department and were awaiting approval by the Lands Tribunal which was expected before April, 2012 month-end. Subsequently, the Council would prepare the Financial Statements within a period of six months.

Your Committee directs to be informed of the progress on the approval of the assets valuation report from the Lands Tribunal which is holding the preparation of Financial Statements.

Ineffective Internal Audit

56. The Council Secretary in response, submitted that the Auditors' observations were noted and appreciated. In this regard, management has since been instructed to ensure effective follow ups on all issues raised by the Internal Auditor. In the same vein, the Council, under minute No. FHRGP/153/03/12, raised the position of Internal Auditor to the scale of LAPMS/4 and delinked the section from Finance Department. The job description for the Internal Auditor has also been broadened to cover all aspects of Council operations. Further, the Council has recommended the immediate filling of the vacancies of Chief Internal Auditor and Internal Auditor.

Your Committee directs the Council Secretary to ensure that the positions of the Chief Internal Auditor and Internal Auditor are filled as these are key positions. It awaits a progress report on the matter.

Data Base on Land Administration not maintained

57. The Council Secretary submitted that the Auditor's observations were noted. A database of all plots offered, accepted and paid for was not maintained, but a list was maintained at the time of the audit. The Council has since commenced the preparation of the database, taking into account all the aspects highlighted in the query.

In noting the submission, your Committee directs the Council to expedite the preparation of the database for all the plots. It awaits a progress report on the matter.

Non-Reconciliation of Debtors and Creditors

58. In response, the Council Secretary informed your Committee that the Council was not reconciling the debtor's and creditor's ledgers as the final statements were not being prepared. This was because the assets were not valued. However, the Council has since started reconciliations so as to account for movement and tally on the cash flow statement. This may be observed from how the 2011 accounts were reconciled.

In noting the submission, your Committee directs the Council to ensure that its assets are valued. It awaits a progress report on the matter.

ITHEZHI-THEZHI DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY, 2010 TO 31ST DECEMBER, 2010

Property without Certificates of Title

59. The Council Secretary in response, noted the Auditor's observation and stated that Itezhi-Tezhi District Council was created in 1997 and only built their offices in 2005 by Zambia Social Investment Fund (ZAMSIF). The Council has since written to the regional surveyor to survey the Council offices, Council night club and Council guest house as a way of starting the application for processing the Title Deeds. The letter was available for verification. Title Deeds would be applied for immediately after survey.

Your Committee in noting the submission, directs the Council Secretary to follow up the matter so that Title Deeds are obtained. Your Committee awaits a progress report on the matter.

Inadequate Security of Revenue Office

60. The Council Secretary in response, informed your Committee that the licensing office (revenue) has been secured with grill doors even at the time of audit. The Council had not been employing the services of policemen because it banked on a daily basis as the bank was only eighty meters from the Council offices. The Council has adequate security at the revenue office and pictures taken were ready for verification. The Council would ensure that adequate security to revenue offices and revenue points were provided before the operations begin.

Your Committee notes the submission and awaits a progress report on the matter.

KASAMA MUNICIPAL COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON CONSTITUENCY DEVELOPMENT FUND FOR THE PERIOD 1ST JANUARY, 2010 TO 31ST DECEMBER 2010

Financial Statements not Finalised

61. The Town Clerk in response, informed your Committee that this was due to non availability of some of the fixed assets that had no value. Management was in the process of engaging a qualified valuer to value the Council assets so that the Fixed Assets Register reflects the true values for the Financial Statements to be completed. Council resolved to engage the qualified valuer by June, 2012 and the

procurement process has begun.

Your Committee in noting the submission, directs to be informed of the progress made engaging a qualified valuer.

LUWINGU DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON CONSTITUENCY DEVELOPMENT FUND FOR THE PERIOD 1ST JANUARY, 2009 TO 31ST DECEMBER, 2009

Unsupported Expenditure - K65,778,846.00

62. The Council Secretary in response, informed your Committee that the supporting documents were misplaced at the time of audit. The supporting documents, that is, acquittal sheets, claim forms and receipts have now been attached to the payment vouchers and were ready for verification. The Council has now procured the filing cabinets to enhance the filing system and the Internal Auditor has been instructed to regularly audit the books of accounts and all accounting documents.

Your Committee in noting the submission, directs the Council Secretary to have the documents verified by the Auditor. It awaits a progress report on the matter.

Questionable Transaction K11, 755,000.00

63. In response, the Council Secretary informed your Committee that the officer mentioned above misplaced the receipts. The officer concerned was written to, to explain what transpired. The officer had misplaced the headed receipt from Kasama milling. The officer has brought the duplicate receipt and it was available for verification.

Your Committee in noting the submission directs the Council Secretary to have the documents verified by the Auditor. It awaits a progress report on the matter.

Unreceipted Funds: K4,674,000.00

64. The Council Secretary in response, informed your Committee that the acquittal sheets were misplaced at the time of audit. The Council Management made a follow up and all the recipients have since signed on the acquittal sheets and these were available for verification. The Council would ensure that the officer making payments was closely supervised by a senior officer.

Your Committee directs the Council Secretary to have the documents verified by the Auditors. It awaits a progress report on the matter.

Outstanding Imprests-Chulungoma Rest House K1,494,364.00

65. The Council Secretary in response, informed your Committee that the officer who was keeping the imprest ledger was not updating the ledgers. The officer concerned has fully retired the imprest. Retirement forms duly signed have been attached to the payment vouchers. For those who failed to retire, recoveries have now been made from their salaries and receipts were attached to the payment vouchers. The payment vouchers were ready for verification. The Council would ensure that the officers handling imprest ledgers were closely supervised by a senior officer to ensure that ledgers were updated on a daily basis.

Your Committee in noting the submission, directs that apart from effecting deductions from officers who have failed to retire imprest, some form of sanctions should be applied against them. Your Committee resolved to await a progress report on the matter.

GWEMBE DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY, 2010 TO 31ST DECEMBER 2010

Weaknesses in the Management of Accounting Systems and Internal Controls

66. The Council Secretary in response, informed your Committee that the anomaly was as a result of inadequate staffing levels in the Finance Department and Internal Audit. The values of assets and liabilities have been reconciled and posted to the appropriate ledgers and these were verified. The Commission sent a qualified Council Treasurer to the Council and were yet to fill in the vacant positions in the Finance Department. Cash books were now being checked by a senior accounts officer and the bank reconciliation statements were available for verification. The register of accounting documents was properly kept and was signed for upon return. It was verified.

In noting the submission, your Committee awaits a progress report on the recruitment of staff in the Finance Department.

Doubtful Asset Value in Financial Statements

67. The Council Secretary in response, informed your Committee that at the time of audit, the Council had already decided to dispose of some assets that had outlived their economical value, especially vehicles, through seeking permission from the Ministry of Local Government and Housing, vide Minute GDC/10/4/11 dated 2nd June, 2009, hence not reflecting them in the asset register. An advertisement was done, but the response was poor. The Council was in the process of re- advertising the obsolete assets to the public.

In noting the submission, your Committee urged the Council to quickly re-advertise to the public so that the obsolete assets are disposed of. It awaits a progress report on the matter.

Overexpenditure not Supported by Supplementary Estimates

68. The Council Secretary in response, informed your Committee that the overexpenditure came as a result of the recurrent grant that was given to Council in late 2009, and thus incurring the said expenditure in 2010. The matter would be presented to the next full Council for ratification. The supplementary estimates have since been prepared.

In noting the submission, your Committee directs the Council to submit the supplementary estimates to the Ministry of Local Government and Housing for approval, without any further delay. It awaits a progress report on the matter.

Low Revenue Collection Efficiency

69. The Council Secretary in response, informed your Committee that the main source of revenue was derived from fish levy, of which is seasonal and dependant on the weather conditions prevailing at that time. That led to poor budget performance during the period under review. The other challenges

faced in Gwembe were inadequate transport and the bad state of the roads which made it difficult for the Council to reach some revenue collection points as planned. The Valuation Roll of 1993 was outdated, hence most properties were not captured. The Council budgeted for valuation of rateable properties in the District and made payment for valuer to undertake the valuation. The letter and payment voucher were verified. The Council has recruited revenue agents in areas that are difficult to reach and have repaired two motor bikes to support the same. The Council was constantly in touch with the Valuation Department at the Ministry of Local Government and Housing, to quickly undertake the valuation exercise since the department has already been paid.

In noting the submission, your Committee directs the Council to ensure that the valuation of assets is undertaken as quickly as possible. It awaits a progress report on the matter.

Non Disposal of Obsolete Assets

70. The Council Secretary in response, informed your Committee that an advertisement was done, but the response was poor. The Council would ensure that all the assets that were no longer useful are disposed of immediately as permission was granted through the Ministry on Minute No. MLGH/101/71/46/3. The letter was verified. The Council was in the process of re- advertising the obsolete assets to the public.

In noting the submission, your Committee directs the Council Secretary to urgently re-advertise to the public so that the obsolete assets are disposed of. It awaits a progress report.

Non- Availability of Record of Some Assets in Asset Register

71. The Council Secretary in response, informed your Committee that during the period under review, clarification was still being sought on how to treat some assets given to the Council from donors. The Council was currently taking an inventory of all Council assets and ascertain their values. However, the assets categorised under land and buildings would have their values prudently estimated because they were built a long time ago and to ascertain their true values may be difficult as it would require revaluing the assets which would be an expensive exercise. The inventory for Council Assets has been updated with provisional figures pending valuation by a qualified valuer.

In noting the submission, your Committee directs the Council to speed up the valuation of its assets. It awaits a progress report on the matter.

LUANSHYA MUNICIPAL COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUNDS (CDF) FOR THE PERIOD 1ST JANUARY, 2009 TO 31ST DECEMBER, 2009

Financial Statements not Prepared

72. The Town Clerk in response, informed your Committee that to avoid the recurrence of non preparation of Financial Statements more personnel had been allocated to the accounts office which is the office responsible for preparing the Financial Statements. The accounts office, headed by a Group Accountant, has three assistant accountants and a filing clerk. In order for this office to operate efficiently, two fully functional computers and a printer were placed in the accounts office and baxcell accounting software had been installed for preparation of ledgers and all the double entry accounting work necessary for the production of Financial Statements was being used. The Council would acquire

accounting software such as Pastel or Palmsoft to streamline the financial accounting system and improve the management of information and its recording regarding accounting policies and accounting estimates. Subsequently this would improve the maintenance of fixed and movable Assets Register taking into account any depreciation and movements, if any, in the values of total assets over time. The Financial Statements for the year 2009 had been retrieved from a computer that had crashed prior to the audit. These financial statements were ready and further work was underway on the 2010 and 2011 financial statements.

Your Committee directs the Town Clerk to ensure that the Financial Statements for 2012 and 2011, are prepared without any further delay. It awaits a progress report on the matter.

Database on Land Administration not Maintained

73. The Town Clerk in response, reported that Luanshya Municipal Council used both manual and computer based systems for the Land Administration Database. The manual system comprised all plots and land survey documents, usually kept on flat file folders, box files and plots ledgers. The computerised system was in the buildup stage and was installed on the Town Planning computer.

The department of finance has been directed to maintain the land management ledger. The Council was also in the process of building the Deeds registry, which currently was non-existent. The ultimate objective was to computerise the land management system in the Council.

In noting the submission, your Committee directs the Town Clerk to finalise the Deeds Register by the end of the second quarter. The Council should not continue operating without the Deeds Register. Your Committee awaits a progress report on the matter.

Lack of Share Certificate

74. The Town Clerk in response, informed your Committee that Kafubu Water and Sewerage Company would be contacted for the share certificate in order for the Council to determine the value of the investment. The Council has since written and made several visits to Kafubu Water and Sewerage Company requesting for the same. To date, there has been no response from Kafubu Water and Sewerage Company.

In noting the submission, your Committee directs the Ministry of Local Government and Housing to take up the issue so as to assist the Council in obtaining the share certificate from Kafubu Water and Sewerage. Your Committee awaits a progress report on the matter.

MBALA MUNICIPAL COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION ON CONSTITUENCY DEVELOPMENT FUND FOR THE PERIOD 1ST JANUARY 2009 TO 31ST DECEMBER, 2009

Failure to Prepare Financial Statements

75. In response, the Town Clerk reported that Council only prepared quarterly financial reports, which were presented to Finance, Licensing and General Purpose Committee. He agreed with the Auditor's finding that if the Council assets were valued, it would be possible to prepare the final accounts which could even be inspected by the general public. The Council was at the time striving to work on valuing the assets. The Council had set aside some funds to contract an independent public accountant to assist in the preparation of valuing of all Council assets to be implemented in the second quarter. The

Council had also introduced an inventory register as per financial guidelines to capture all Council assets in record before the valuer was contracted.

In noting the submission, your Committee directs the Council Secretary to ensure that the steps being taken to value the Council's property to necessitate the preparation of the final accounts are implemented within the second quarter. Your Committee awaits a progress report on the matter.

Unretired Imprests: K 6,845,000.00

76. The Town Clerk in response, reported that the unretired imprests and unrecovered advances in question were posted in the imprest ledger, but not retired at the time of audit. However, Management has ensured that all the unretired imprests were being recovered from the officers who did not clear the imprest at the time of audit. The deduction schedules for the months of February and March, 2012, were availed for verification. However, to avoid a recurrence, Council Management has directed that those with outstanding imprest should not be considered for imprest allocation in the near future.

Your Committee in noting the submission directs the Council Secretary to recover the outstanding imprests from officers. It awaits a progress report on the matter.

MPULUNGU DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY 2009 TO 31ST DECEMBER 2009

Non Preparation of Financial Statements

77. The Council Secretary in response, conceded that management had not been preparing Income and Expenditure reports and Balance Sheets, but had been preparing Receipts and Payments and Trading, Profit and Loss reports quarterly. This was because since its inception as a district in 1998, management has not prepared Financial Statements and balance sheet, thus making it difficult to have the values and basis of where to start from. Secondly, Trading, Profit and Loss account was prepared, but may not have been seen by the auditor as it was among the bulk documents presented for audit. The Council has since started preparing Financial Statements, balance sheet as well as trading, profit and loss account with the help of the Ministry of Local Government and Housing and the report was available for audit verification.

Your Committee in noting the submission directs the Council Secretary to complete the preparation of the Financial Statements. It awaits a progress report on the matter.

Irregular Accounting of Imprest: K4, 100,000.00

78. The Council Secretary in response, informed your Committee that receipts appeared falsified in that they had two different figures. However, the first figure of K275,000.00 was correct in that it was one night subsistence allowance for the officer who had travelled from Mpulungu to Tunduma to procure assorted items for the rest house, which were not available locally. The other receipts for bed sheets, eva soap and PC spring boards appeared falsified in that they contained conversion figures from the local currency (ZMK) to Tanzanian shillings, because goods were procured from Tunduma- Tanzania. In terms of action taken, your Committee was informed that an officer had travelled to Tunduma-Tanzania to the shops where the goods were procured to obtain fresh receipts from the supplier to support this retirement. In future, goods procured from Tunduma-Tanzania would have two receipts per item so that one was in Kwacha while the other in shillings.

Your Committee, in noting the submission, expresses displeasure at the procurement of items which are readily available in Zambia from another country. A progress report is awaited on the matter.

Irregular Funding of Ward Development Fund (WDF) from CDF: K160,000,000.00

(a) Radio Station Project

79. In response, the Council Secretary informed your Committee that at the time of audit, the retirements were filed in a separate box file which was among the documents presented for auditing, but due to bulkiness of documents; it might not have been seen by the auditor during the auditing process. However, the goods received vouchers together with the stores requisitions have been retrieved and attached to the payment vouchers. These could not be availed to the Auditor for verification because the same were with the Drug Enforcement Commission (DEC) in Lusaka which was carrying out investigations on the Radio Station. Follow up was being made to retrieve the documents from the Drug Enforcement Commission and thereafter, they would be presented to the Auditor for verification at a future date. The goods received voucher together with other supporting documents would be attached to the payment vouchers and would not be filed in separate box files as it was done in the past.

Your Committee in noting the submission, awaits a progress report since the documents are still with the Drug Enforcement Commission.

(b) No Progress Certificates Report and above 15% Advance Payment

The Council Secretary in response, informed your Committee that this was not an advance payment, but it was payment for completed works. However, since there was no completion certificate for reasons already alluded to, it appeared as an advance payment.

Your Committee notes the submission and awaits a progress report on the matter since the documents are with the Drug Enforcement Commission.

MPOROKOSO DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION ON THE CONSTITUENCY DEVELOPMENT FUND FOR THE PERIOD 1ST JANUARY, 2010 TO 31ST DECEMBER, 2010

Non Preparation of Financial Statements

80. The Council Secretary in response, informed your Committee that Management had not been preparing income and expenditure reports, but Receipts and Payments and Trading, Profit and Loss reports quarterly. This was because from its inception as a district, Management had not prepared Financial Statements and Balance Sheets. The reason was that the Council had no basis upon which to base the preparation of the same since the assets had not been valued. The Council had since started preparing Financial Statements, Balance Sheets as well as Trading, Profit and Loss Account with the help of the Office of the Provincial Local Government and Housing Officer, and once this is done, the financial reports would be availed to the Auditor for verification at a later date.

Your Committee in noting the submission, directs the Council to prepare the Financial Statements without any further delay. It awaits a progress report on the matter.

Investment Register not in Place

81. In response, the Council Secretary informed your Committee that the Council did not maintain the Investment Register for the shares held in Chambeshi Water and Sewerage Company because there was no share certificate issued to the Council. He submitted that should the Council one day invest in any Company, it would ensure that an Investment Register is maintained.

Your Committee in noting the submission, directs the Council Secretary to follow-up the issue of the share certificate with Chambeshi Water and Sewerage Company. If it proves difficult, the Ministry should be requested to assist in the matter. Your Committee awaits a progress report on the preparation of the Investment Register.

No Share Certificate for Shares held in Chambeshi Water and Sewerage Company Limited.

82. The Council Secretary in response, informed your Committee that Mporokoso District Council, like all other Councils, who are shareholders in Chambeshi Water and Sewerage Company, have not received their share certificates. Mporokoso District Council has written Chambeshi Water and Sewerage Company and the Board of Trustees of the Company expressing its concern that the issuance of the share certificate was taking long.

Your Committee directs the Council Secretary to obtain the share certificate from Chambeshi Water and Sewerage Company. It awaits a progress report on the matter.

Construction of Modern Market

83. In response, the Council Secretary informed your Committee that indeed, the project had taken two years. This was because of the Council's resolution that the project would be constructed in three phases, in three funding periods. However, the roof has since been realigned, stands have been plastered and the plumbing of the toilets have been completed. The contractor was on site and the work has reached final touches. The Council would ensure that it strictly adheres to the CDF guidelines of 2006 in approving Projects.

Your Committee in noting the submission, directs the Council Secretary to report progress on the completion of the market.

KAPUTA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION ON CONSTITUENCY DEVELOPMENT FUND FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2010

Non Preparation of Financial Statements

84. In response, the Council Secretary informed your Committee that it was true that Financial Statements had not been prepared. However, following the advice of the Auditor, the assets would all be valued even though the process would take long as regards the land and buildings. This was because the assets have not been valued as most of the properties such as buildings were inherited from the central Government. On the other hand, all the movable assets were donations and book values were unknown. The Ministry of Local Government and Housing has been written to assist the Council with funds since the exercise consumes a lot of money. Funds would be set aside in the 2012 budget (from locally generated resources and grants) to undertake the task of initiating the valuation process of the assets.

In noting the submission, your Committee expresses displeasure at the failure by the Council to prepare Financial Statements. It directs the Council to prepare the Financial Statements and report progress.

Award of Contracts above District Tender Board Threshold: K124, 784,130.00

85. In response, the Council Secretary informed your Committee that it was not true that the contract awarded to Wittington Contractors worth K124,784,130.00 was above the District Tender Board threshold because the sealing for District Tender Board is K500,000,000.00.

The Council, therefore, worked within the framework of the law as guided by *Zambia Public Procurement Authority Act of 2008* and in adherence to the Constituency Development Fund guidelines of 2006. Further, the Council would continue complying with the Tender Procedures and provisions of the *Zambia Public Procurement Authority Act* as it transacts in matters of procurements, which requires the oversight of the Tender Committee.

In noting, the submission, your Committee directs the Council to reconcile with the Ministry of Local Government and Housing on the matter. It awaits a progress report.

Payment of Contract by Cash Instead of Bank: K90, 000,000.00

86. The Council Secretary in response, reported that it was true that at the time of audit, the Goods Received Note was not attached. Further, the supplier for the hammermills (Tanzania) refused to accept cheques from Zambia. The good received notes on vouchers were plucked off from the payments vouchers without the Council Secretary noticing as preparations were being made for the audit.

However, the Council Secretary submitted that all documents pertaining to the same transaction, that is, acknowledgement by beneficiaries and goods received notes have been traced and were verified. In addition, the Council would make all future payments, henceforth by cheque or by bank transfer in the names of the suppliers. All procurements would also be done locally, with the exception of those goods which could not be procured locally.

Your Committee, in noting the submission, is alarmed at the plucking out of documents from the files. Further, it expresses concern over the Council procuring goods from Tanzania when the same items are available in Zambia. Your Committee additionally urges the Council not to bow down to pressure and disregard Constituency Development Fund guidelines of 2006. Your Committee awaits progress on Council regularisation of the procurement of hammermills from a foreign country.

MUNGWI DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION ON CONSTITUENCY DEVELOPMENT FUND FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2009.

Unaccounted for funds: K 5,600,000.00

87. In response, the Council Secretary reported as set out below.

Patrick Mushipi: K1, 000,000

The above stated amount was paid towards hire of a minibus to attend the Local Government Association Annual General Meeting in Livingstone. The receipt was not issued at that time. The sum of K1, 000,000 was paid to Nakonde District Council that provided the bus to transport Northern Province delegates to

the Local Government Association of Zambia Annual General Meeting. The non- retirement was caused by the non-availability of the payee, who was serving suspension at the time of the audit.

The Council has since written to Nakonde District Council so that they could avail the receipt for the transport contribution. The Auditor would be invited to verify the same once it was received.

Subscription to Local Government Association of Zambia: K2, 000,000.00

The subscription to Local Government of Zambia was made directly to the Local Government Association of Zambia (LGAZ). The Council officer who had carried the cheque was not available at the time of audit and has since been directed to follow up the matter by obtaining a receipt from LGAZ. The receipt was being awaited and once the same was received, it would be presented to the Auditor for verification.

In noting the submission, your Committee directs the Council Secretary to recover the sum of K3,000,000 from the officer concerned. It awaits a progress report on the matter.

SAMFYA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION ON CONSTITUENCY DEVELOPMENT FUND FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2010

Salaries and Wages Drawn against Incomplete Records: K161,843,744.64

88. The Council Secretary in response, informed your Committee that the reported salaries and wages drawn against incomplete records, was as a result of the payment officer not presenting the acquittal sheets to the Principal Officer for a signature. However, all the payment vouchers to which the acquittal sheets were attached, were fully authorised. Furthermore, all salaries and wages acquittal sheets were signed by the Principal Officer and presented to the Ministry for verification. The Deputy Treasurer has been assigned to strictly check on the documents in order to ensure that they were submitted to the Principal Officer as and when they were ready to be signed. Furthermore, the Council was in the process of computerising the pay roll system in order to avoid such omissions in future. In this respect, the Dove Pay Roll System has since been installed.

In noting the submission, your Committee directs the Council Secretary to expeditiously work on the computerisation of the payroll system. It awaits a progress report on the matter.

Unauthorised Borrowings from Chiefs Account: K18,000,000.00

89. In response, the Council Secretary informed your Committee that the Council borrowed the amount of K18million from the Chiefs Fund Account to facilitate the movements and up keep of two chiefs who were attending a High Court case in Kitwe, over the disputes relating to Chief Kasoma Bangweulu's succession. This was in the matter of Mr William Kunda Vs. Moses Kabila (1st Defendant), Samfya District Council (2nd Defendant) and the Attorney General (3rd Defendant). The funds were part of the accumulated amount for the Councils administrative costs from 1st January, 2009 to 31st December, 2010, at the monthly rate of K800,000.00. The Council Secretary reported that the Council paid back the sum of K12, 310,000.00 to the Chiefs Fund Account, leaving a balance of K 5,785,000.00 due to financial constraints. The Council would not facilitate the Chiefs movements through the Chiefs Fund Account as the money was meant to facilitate the administrative functions of the Council Management.

Your Committee observes that the amount paid and the balance do not tally. The Council Secretary

should reconcile the figures and should recover the balance without any further delay. It awaits a progress report on the matter.

Constituency Development Fund Anomalies

90. The Council Secretary in response, informed your Committee that the Council has implemented too many uneconomical projects that were difficult to monitor because the projects undertaken using the Constituency Development Fund, were identified by the communities in consultation with their Members of Parliament.

Following this, the Council had effected an irregular payment of K40,900,000.00 for some community workers and teachers in Luapula Constituency. The identified project was undertaken using the Constituency Development Fund by the communities in consultation with the former Luapula Member of Parliament. The communities in Luapula Constituency and the former Member of Parliament argued that the services being provided by the community health workers and the community teachers in the two institutions fell under the health and education sectors provided for in the 2006 Constituency Development Fund guidelines.

In view of the above, some money was taken towards the payment of community teachers. This was because qualified teachers abandoned most schools in this part of Samfya due to rural hardship, hence most pupils were left without teachers. The same thing happened to the community health workers.

Your Committee was informed that the Council was unable to recover the money from the said workers because they were no longer serving in their respective institutions as the money that was set aside for them got exhausted by 31st December, 2010.

The Council resolved not to undertake projects which were similar to the above said project in Luapula Constituency. In this respect, two projects in Chifunabuli Constituency, related to the purchase of timber for making coffins for the community members, was turned down.

As a remedial measure, the Constituency Development Fund guidelines of 2006 have since been distributed to the Councilors to enable them understand projects eligible for funding under the Constituency Development Fund.

Your Committee observes that there is need to follow up the matter with the Provincial Local Government Officer in Mansa for a detailed report and urged the Council Secretary to always adhere to the Constituency Development Fund guidelines of 2006 when disbursing funds. It awaits a progress report.

CHIENGI DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION ON CONSTITUENCY DEVELOPMENT FUND FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2010

Poor Cash Book Maintenance -Main Account

91. The Council Secretary in response, informed your Committee that the query from the auditor on this matter in the final report was erroneously picked because it was not in the exit report.

Your Committee directs the Ministry and the Council to reconcile the figures on the matter and awaits a progress report.

All payment vouchers were not stamped with “PAID” stamp

92. The Council Secretary in response, informed your Committee that the Council has since bought the paid stamp and all payment vouchers have been stamped as recommended by the Auditor. Your Committee was further informed that the Principal Officer has made directives for cheques not to be raised on an unstamped payment voucher. Therefore, signatories who would abrogate this instruction would be disciplined.

In noting the submission, your Committee expresses concern at the Council’s inability to purchase a “PAID” stamp for such a long period of time. It observes that there is need for the Council to purchase more stamps in order to avoid such lapses in the future.

KATETE DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT OF CONSTITUENCY DEVELOPMENT FUNDS FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2010

District Fund Account

Incurring Overexpenditure without Supplementary Budget Estimates: K497,444,237.00

93. The Council Secretary in response, informed your Committee that the overexpenditure on personal Emoluments was due to payment of salary arrears and inclusion of fire section staff, which were statutory obligations. The Council had varied money amounting to K350,000,000.00 and K50,000,000.00 from training expense and K10,000,000.00 from Workers Compensation Fund to address the overexpenditure on salaries. The Council also varied an amount of K70,000,000.00 from vehicles, plant and machinery to cover the overexpenditure on premises. In future, the Council would prepare supplementary budget to avoid over expenditure.

In noting the submission, your Committee is disappointed with the Council’s failure to prepare a supplementary budget. The Council Secretary is directed to seek guidance from the Ministry of Local Government and Housing in future. Your Committee awaits a progress report on the matter.

Undercollection on Approval Revenue Provisions K1,266,411,518.00

94. The Council Secretary in response, reported that a major part of revenue to be collected was grain levy which had been revoked by the State. Management has, however, created a database to assist during budgeting and planning to avoid undercollections. The Council would prepare the budget in accordance with the Ministerial guidelines.

In noting the submission, your Committee expresses displeasure at the Councils undercollection of revenue. The Council Secretary is urged to put in place better collection mechanisms in order to improve collection. In this regard, your Committee awaits a progress report.

Irregular Maintenance of General Ledger

95. The Acting Council Secretary in response, reported to your Committee that the Council did not present general ledgers to the Auditors at the time of Audit. Your Committee was informed that the Council has since prepared General Ledgers which were verified. The Council has assigned an officer to strictly maintain and present all books of accounts to Auditors during audit session.

In noting the submission, your Committee expresses disappointment at the absence of the General

Ledgers which are supposed to be presented to the Auditors. The Council Secretary is directed to ensure that it is ready for the Auditors in the future. Your Committee awaits a progress report on the matter.

LUNDAZI DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION ON CONSTITUENCY DEVELOPMENT FUND OF THE COUNCIL FOR PERIOD FROM 1ST JANUARY TO 31ST DECEMBER 2010

Non Acquisition of Title Deeds for Council Properties

96. The Council Secretary stated that the problem of not following the rules governing hand-over could be responsible for such a situation. There were also circumstances where the holder of an office had died. This could have also contributed to such a situation. At the time of audit, the Council had already engaged its lawyer to take up the matter with the Ministry of Lands for duplicate titles of Council's properties. The Council would ensure strict adherence to hand over procedures so as to identify in good time, which document of the Council had gone missing.

Your Committee in noting the submission, directs the Council Secretary to follow up the matter so that Title Deeds are obtained. It awaits a progress report on the matter.

Overexpenditure of K786,711,855.00

97. The Council Secretary in response, reported that the heavy involvement of Council staff in election duties meant that some officers were doing two jobs. The result was that the normal preparation of Receipts and Payments Accounts was negatively affected because they were not produced at the right time so as to detect which votes were going to be overspent so that corrective measures, such as retirement of funds or preparation of supplementary estimates could be done to support continued expenditure on the affected votes. The overexpenditure occurred on councillors allowances which had been hiked during the year. The overexpenditure was reported to the Council and was approved retrospectively. Receipts and Payments Accounts were now being prepared on monthly basis to avoid the occurrence of such a query.

Your Committee in noting the submission, directs the Council Secretary to prepare supplementary estimates and present them to the Ministry of Local Government and Housing for approval. Your Committee awaits a progress report on the matter.

Constituency Development Fund (CDF)

98. The Council Secretary in response, informed your Committee that challenges of staffing in the Council was responsible for this problem. During the period under audit, the Council had only two officers in the District Planning Unit, that is, the District Planning Officer and an Assistant. The District Planning Officer went for studies and left only his Assistant in the Department and, therefore, preparation of reports such as the register of completed projects was affected. The Council had requested the Ministry of Local Government and Housing to improve the staffing levels in the Council generally and District Planning Unit department, in particular. However, the Council would ensure that the register of completed projects was prepared as per Auditors advice. In the short term the Council would identify some officers from other departments to second to this department, but the long term solution was to have appropriately qualified officers in the department.

In noting the submission, your Committee urges the Council to ensure that appropriately qualified officers are recruited. Your Committee awaits a progress report on the matter.

Non Preparation of Quarterly Reports

99. The Council Secretary in response, informed your Committee that challenges of staffing in the Council was responsible for this problem. During the period under audit, the Council had only two officers in the District Planning Unit, that is, a District Planning Officer and an Assistant. The District Planning Officer went for studies and left only his Assistant in the Department and therefore preparation of reports such as the Register of completed projects were affected. The Council had requested the Ministry of Local Government and Housing to improve the staffing in the Council generally and District Planning Unit department, in particular. However, the Council would ensure that the register of completed project was prepared as per Auditors advice. In the short term the Council would identify some officers from other departments to second to this department but the long term solution was to have appropriately qualified officers in the department.

Your Committee urges the Council Secretary to follow-up the recruitment of appropriately qualified officers. Your Committee awaits a progress report on the matter.

Payment of Grader Spare Parts not Supported by Council Authority: K54,220,000.00

100. The Council Secretary in response, reported that the Council approved a recommendation from the CDF Committee for Lumezi Constituency on 9th March, 2011, to allocate K120,000,000.00 for grading of two roads in that Constituency using the equipment from the Rural Roads Unit and not a Council grader. This was to be paid to the local Filling Station for fuel which would then be drawn into the grader.

However, the Officer in-charge for Rural Roads Unit wrote to the Provincial Permanent Secretary that the grader needed an engine overhaul, but did not have an allocation for that purpose at that time. Instead he suggested that since he already had paid for fuel at Lundazi Filling Station in the sum of K300,000,000.00 and if the Council could pay for spare parts to repair the grader and tyres for their Tipper truck using the said fuel money. The Permanent Secretary then authorised the transaction and the spare parts were bought.

In noting the submission, your Committee urges the Council Secretary to seek consultation from the Ministry of Local Government and Housing whenever a problem that is not specifically captured in the guidelines arises.

NYIMBA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1STJANUARY, 2010 TO 31ST DECEMBER, 2010

Non Acquisition of Certificate of Title for Council property

101. The Council Secretary in response informed your Committee that this was caused by an oversight on the part of the Council. However, the Council has started the process of acquiring titles for all the assets it owned. Applications had already been submitted to the Commission of Lands for processing.

In noting the submission, your Committee urges the Council Secretary to have the necessary documentation submitted to the Ministry of Lands. Your Committee awaits a progress report on the matter.

Unserviceable Motor Vehicles

102. The Council Secretary in response, informed your Committee that the vehicles had remained in this state because they were Government bonded vehicles. The Council wrote to the Ministry of Local Government and Housing for Authority to sale the obsolete vehicles, but the Ministry referred the matter to the Controller of Government Transport in Chipata. The Council has reactivated the matter with the Controller of Government Transport through a letter of reference No. NDC/1 0/4/5 dated 12/09/2011.

Your Committee in noting the submission, awaits a progress report on the matter.

Budgetary Control

Undercollection of Revenue on Budget Lines – K1, 209,195,886.00

103. The Council Secretary in response, reported that the Council anticipated to allocate more plots with the relocation of the prisons farm which should have left a lot of land of allocation to applicants. In addition, the under collection was due to change of policy on crop levy by presidential directive to stop charging crop levy. The Council has asked the Provincial Administration and the Minister of Local Government and Housing to intervene in the matter of the prisons farm. The Auditors observation and advice would strictly be adhered to with regard to preparation of realistic budgets.

Your Committee notes the submission and awaits a progress report on the matter.

Unsupported Expenditure: K23,346,419.00

104. The Council Secretary in response, reported to your Committee that the problem was caused mainly by the inertia of the officers in the accounts department. All the payment vouchers have been supported with the relevant documents and were ready for verification, apart from three vouchers amounting to K 5,336,020.00 where the Council was making follow ups with suppliers in Lusaka to obtain duplicate receipts. Disciplinary action has been instituted against the Treasurer for failure to run the affairs of the department properly. In future the Council would ensure that all payments were supported with all the necessary documents.

Your Committee in noting the submission, directs the Council Secretary to double efforts to obtain the receipts from the suppliers. It awaits a progress report on the matter.

SUBMISSION BY THE PERMANENT SECRETARY, MINISTRY OF LOCAL GOVERNMENT AND HOUSING

In response, the Permanent Secretary submitted as set out below.

The Local Government Service Commission

105. The Commission was re-established under the *Local Government (Amendment) Act No. 6 of 2010* to deal with appointments, promotions, transfers, secondment and disciplining of Council Officers. The Commission was operationalised in February, 2011 and dissolved on 23rd February 2012, in accordance with the statutory provisions with instructions to submit proposed names of persons through Cabinet Office, to be appointed as new Commissioners. However, names had not yet been submitted because there was need to re-look at how the Commission should discharge its business in collaboration with the Ministry.

Funding to Councils

The Ministry acknowledged Government's effort in the steady increase of grants to Councils from K146,175,420,000.00 in 2011 to K257,138,576,500.00 approved by Parliament in the 2012 National Budget, which translates into an increase of 43% over and above the approved funding to Councils in the previous financial year. With the increased funding, the Ministry had also stepped up its oversight role of monitoring and utilization of these funds and auditing to enhance transparency and accountability.

Service Delivery

Most Councils were steadily making efforts at service delivery within limited resources mobilized locally and through the Government service delivery component of the recurrent grant. In addition, most Councils were enhancing their service delivery mandates with funding from the Constituency Development Fund (CDF) by procuring plant and equipment such as graders, tractors and trailers, ambulances and tipper trucks in consultations with their respective Members of Parliament.

Staffing in Councils

The mandate to employ officers in Councils is vested in the Local Government Service Commission. Since its operationalisation in February, 2011, the Commission embarked on a countrywide tour to assess the staffing levels and vacant positions with a view of filling these positions with suitably qualified personnel. However, the filling of these vacancies had not been done because of the dissolution of the Commission. Therefore, the Ministry acknowledges that most Councils, particularly District Councils did not have suitably qualified personnel.

Qualifications of Council Staff

Qualifications of Council staff in terms of Principal and Chief Officers are specified in the Local Government Service Regulations. However, when Councils were responsible for staff matters, recruitment/appointments and promotions were not done in accordance with the specified requisite minimum qualifications, hence, brought about the current situation. This was the reason Government re-established the Commission so that staff matters in Councils were centrally handled by the Commission to avoid employment based on patronage, affiliation or ethnicity and so on.

Performance Appraisal of Principal Officers and Chief Officers by the Ministry

Currently, the performance appraisal of principal officers and chief officers is the mandate of the Local Government Service Commission as the employing authority. However, most of the Commission's mandates have not yet been implemented. Under the Performance Management Package (PMP) which is already institutionalized in the Ministry, appraisal of staff is done by a Performance Management tool known as the Annual Performance Appraisal System (APAS) which the Commission would discharge. The Commission would adopt a mechanism in appraising Council officers.

Council Land and Property with no Title Deeds

The Ministry was aware that most Councils had no Title Deeds for their land and properties. To this effect, the Ministry issued a circular directing all Councils to obtain Title Deeds for their land and buildings. A number of Councils have submitted necessary documents to the Commissioner of Lands for issue of title deeds. In order to prevent the recurrence of the situation, all Councils have been advised to ensure that they obtain Title Deeds to land for their future developments to prevent unscrupulous individuals from claiming ownership to public properties.

Huge Statutory Debts by Councils

The Ministry acknowledged to your Committee the huge statutory debts by Councils which stood at K341,000,000,000.00 as at 31st December, 2011 broken down as follows:

Unpaid Salaries	K48,000,000,000.00
Unremitted employees' pensions contributions to LASF	K50,000,000,000.00
Unpaid retirees' terminal benefits	K225,000,000,000.00
Unremitted Workers' Compensation Fund Annual Assessments	K18,000,000,000.00

In the past, Government, through the Ministry, has assisted all Municipal and District Councils to clear statutory debts, particularly employees' contributions to the Local Authorities Superannuation Fund (LASF). However, statutory debts have continued to rise due to the limited financial bases of Councils, which has been eroded as a result of the implementation of some policies by the former Government which were not in favour of Councils. For example:

- i) the sale of Council rental houses;
- ii) withdrawal of Motor Vehicle Licensing from Councils;
- iii) exemptions of all mining plant and equipment as well as all properties on agriculture land from rating;
- (iv) abolition of 35% share of Local Sale Tax which was disbursed to all Councils now known as Value Added Tax (VAT);
- (v) inadequate Government transfers to Councils; and
- (vi) most recently, the abolition of various crop levies affected most Councils as the policy decision resulted in these Councils failing to meet their budgetary targets.

Management of Markets and Bus Stations

The Ministry has been taking steps in trying to improve the management of markets and bus stations by local authorities in accordance with the *Markets and Bus Stations Act No. 7 of 2007* which include the measures set out below.

Short - Term Measures on Market and Bus Stations

- (i) implementation of the *Markets and Bus Stations Act No. 7 of 2007* in full;
- (ii) the Local Authorities to immediately take over the running of the markets and bus stations including the collection of revenues by the local authorities;
- (iii) immediate formulation of revenue collection systems by local authorities that minimize physical handling of cash to prevent pilfering, including the prohibition of handling cash;
- (iv) immediate relocation of all markets and bus stations associations from the markets and bus stations or deregistration of such associations as they had just been collecting money without reinvesting in the markets and bus stations for infrastructure maintenance and development;
- (v) immediate commencement of the formation of market and bus station boards for selected areas;
- (vi) de-politicisation of the operations of markets and bus stations and hand over any sections that are being operated by the political cadres;
- (vii) enhancement enforcement as provided for in the *Local Government Act* and the *Markets and Bus Stations Act*;
- (viii) carrying out basic rehabilitation to old markets and bus stations, especially on water, sanitation and solid waste management;
- (ix) local authorities to enter into Memorandum of Understanding (MoU) with Road Transport and Safety Agency (RTSA) to ensure compliance;

- (x) immediate commencement inventory of all markets and bus stations including inventory of shops/stalls/stands, owners should be given identity cards with the card bearing the shop/stall/stand number; and
- (xi) registration of workers of service providers (bus operators) with the local authorities and removal of the "call boys" from bus stations.

Medium - Term Measures on Markets and Bus Stations

- (i) formulation of business plans for effective management of markets and bus stations;
- (ii) conduct inventory of all markets and bus stations (traders included);
- (iii) improve on water, sanitation and waste collections in markets and bus stations; and
- (iv) formulation and putting in place sound financial management systems, especially for revenue collection, in markets and bus stations.

Long - Term Measures on Markets and Bus Stations

- (i) demolition of old markets such as Chisokone and pave way for construction of modern markets;
- (ii) rehabilitation and upgrade markets to modern standards; and
- (iii) rehabilitation and upgrade and construction of new bus stations.

The local authorities have started working on these measures and have been giving progress reports to the Ministry. The next progress report is expected to be presented within the month of May, 2012.

Fiscal Decentralisation

This is one of the components under the National Decentralisation Policy. Under this component, Government would develop a transfer mechanism to transfer matching resources to Councils to perform devolved functions. In addition, Government would assign some taxes to be collected at local level while some taxes would be collected at national level.

General Performance of Councils

Generally, Councils were trying to perform some of their functions within the limited resources. However, it should be noted that if these Councils were capacitated with qualified human and financial resources as well as equipment, most Councils' performance would be enhanced.

Committee's Observations and Recommendations

In noting the submission, your Committee observes that almost all Council properties are not on title. Your Committee urges the Ministry of Local Government and Housing to work hand in hand with the Ministry of Lands to fast track the issuance of Title Deeds for Council property. Your Committee also observes that Councils are in dire stress in terms of meeting statutory obligations. Your Committee, therefore, recommends that the Ministry should, as a matter of urgency, start deducting money from the Council grants and remit to the statutory bodies. They await a progress report on the matter.

PART II

TOUR OF ITEZHI-TEZHI, MUMBWA, GWEMBE, MONZE, SINAZONGWE AND NAMWALA DISTRICT COUNCILS AND LIVINGSTONE CITY COUNCIL

Your Committee's tour was to familiarise itself with the operations and facilities of the Local Councils. Your Committee undertook the tour from 28th May to 5th June, 2012 and its findings are set out below.

ITHEZHI-TEZHI DISTRICT COUNCIL

106. The staff establishment is fifty-two employees, but there are five vacancies with employees acting in these positions. The Council has adequate office accommodation, but the offices were not maintained. The roof of the Council office block was leaking. Tiling and furnishing were yet to be done in the Council Chamber. The strongroom was not secure as windows of the office where the strongroom is had no burglar bars. The Council has unserviced fire extinguishers outside its offices. Documents in some offices were piled on the floor.

For commercial ventures, the Council has a guest house which was opened in January, 2012, has five rooms at K65,000.00 per room and the average guests per day is two. The Council also runs a night club. The Council in 2007, built a big market, but it is underutilised, there were less than ten traders in the market. The Council has abolished the daily rate in order to encourage traders to move to the market, but the marketeers preferred to trade from the Shimbizi Corporative Market. The relationship between the Council and the Cooperative was sour. The Council only collected license fees from the shops around the Cooperative market, and Cooperative members collected the daily levy from the marketeers.

The Council depended on fish levy, cattle levy, licences and Government grants. The Council bemoaned the erratic release of grants which the Ministry remitted into Investrust Bank and it took the Council more than two weeks to access the grant once it was remitted into the Bank's account. This has affected the service delivery of the Council.

Committee's Observations and Recommendations

Your Committee observes as follows:

- (i) the cooperative market is making more money than the Council market because marketeers did not want to move to the Council market;
- (ii) the strongroom which is supposed to be in the Treasurer's office is in the office of the Council Chairman;
- (iii) the property of the Council is not on title;
- (iv) the Council does not generally maintain its property;
- (v) the Council has a huge statutory debt; and
- (vi) the Ministry of Local Government and Housing does not send grants straight to the Council, but to Investrust Bank and it takes long for the Council to access the funds.

Your Committee, therefore, recommends as follows:

- (i) the Council should take over the running of the market as this in line with the *Market and Bus Stations Act No. 7 of 2007*, this will enable the Council to collect the market levy from the marketeers;
- (ii) the Council Chairman should be allocated another office so that his office is occupied by the Council Treasurer;

- (iii) the Ministry should intervene in the acquisition of Title Deeds for the Council property;
- (iv) the Councils should as a matter of urgency maintain their office block;
- (v) the Ministry should assist the Council meet its statutory obligations; and
- (vi) the Ministry should be remitting the grants into the Council account instead of remitting it to Investrust Bank.

MUMBWA DISTRICT COUNCIL

107. The staff establishment was 136 employees, but there were only 120 employees. The total wage bill was K270,000,000.00 per month. The Council was not up to date with the statutory remittances. It owed Zambia Revenue Authority K1,500,000.00, LASF K33,000,000.00 and NAPSA K46,000,000.00. The Council was, however, up to date with the net pay salaries to its employees.

The strongroom was under construction and would be completed by end of June 2012. The Council has constructed a new bus station at the cost of K470,000,000.00 which would be opened in mid-June 2012. The Council has embarked on the construction of staff houses and would be constructing three houses in a year. Currently, a four bedroomed house for the Chief Executive was under construction. The Council's sources of revenue were rates, which was the major source, land alienation fees, market fees, rest house charges, and licensing fees.

Committee's Observations and Recommendations

Your Committee observes that the Council has a complaint over the abolition of grain levy because it is receiving less in the compensation grant than what it used to collect from grain levy.

Your Committee recommends that the Ministry of Local Government and Housing should hold consultations with all the stakeholders in order to come up with a decision on this matter.

GWEMBE DISTRICT COUNCIL

108. The staff establishment was fifty-four and three positions of Treasurer, Internal Auditor and District Planner were vacant. Officers had low qualifications.

The Council was located in Munyumbwe, sixty-three kilometres into the interior from Gwembe Administrative Centre which was near Monze. All the Government Ministry departments were at the Administrative Centre and this made Coordination very difficult. The road from Gwembe Administrative Centre to Munyumbwe was in a bad state.

The office block was old, built in 1950, the Chamber has old furniture and the floor needs attention. The Guest House has twelve rooms and the average guests per day is four. The Guest House was not well maintained. Gwembe has constructed a very big market, but only has a handful of marketeers. The daily fee for the marketeers was K300.00.

The market was constructed using Constituency Development Fund at the cost of K140,000,000.00 and had used using local labour. The other infrastructure that had been put up using the Constituency Development Fund were a maternity wing at an estimated cost of K82,000,000.00, a police post and a staff house. The Council constructed a canopy bridge over Nankoli River in 2011 using the funds from the Ministry of Local Government and Housing.

The Council has received K350,000,000.00 as part of the Land Development Fund from the Ministry of Local Government and Housing to survey plots. There was a plan for 300 plots in Chipepo, 150 plots in

Munyumbwe and 300 plots in the Gwembe plateau.

ADRA Zambia, UNICEF and World Vision Zambia has provided 475 boreholes. However, the Council has no vehicle to monitor the performance and operations of area pump menders.

The main sources of revenue for the Council were fish levy, trading permits and owners rates. The statutory debt with LASF stood at K46,188,613.15. The Council was in four months salary arrears which amounted to the sum of K224 000,000.00.

The Valuation Roll was last updated in 1993 and was, therefore, outdated and most of the Council property was not captured. However, evaluators have been paid to prepare from the K100 000,000.00 grants received in lieu of rates in 2010. The Council was awaiting communication from the Ministry on when the Valuation Roll would be updated. All Council property have no Title Deeds and the land has not been surveyed.

Committee's Observations and Recommendations

Your Committee observes as follows:

- (i) the location of the Administrative Centre and the Council in two different places has paused administrative problems to the district;
- (ii) there is lack of general maintenance of the Council buildings; and
- (iii) the Council has a huge statutory debt.

Your Committee, therefore, recommends that:

- (i) the Administrative Centre should as a matter of urgency be moved to where the Council is located in order to harmonise the operations of the District;
- (ii) the Council should quickly embark on the maintenance and repair of its buildings; and
- (iii) the Ministry of Local Government and Housing should assist the Council meet its statutory obligations.

MONZE DISTRICT COUNCIL

109. The staff establishment was 118 employees. There were fourteen vacant positions of Deputy Director of works, Senior Committee Clerk, Planning Assistant, Assistant Director of Works, Building Inspector, Internal Audit Assistant, Procurement Officer, Registry Supervisor, Administrative Officer, Committee Clerk, Community Development Officer, Leading Fireman, Plumber and Commercial Manager. Salaries and wages were paid up to 30th May, 2012. The total wage bill was K124,967,146.00 per month. The Council, however, owes NAPSA K950,000,000.00 ZRA K155,000,000.00 LASF K46,000,000.00 and Workers Compensation Fund K90,000,000.00 .

The Council received a total sum of K474,432,962.00 from Ministry of Local Government and Housing and Ministry of Chiefs and Traditional Affairs as at 30th May 2012. On average, the Council collected K80,000,000.00 per month in form of revenue.

The new office block has been constructed wired and roofed. Plumbing works, plastering and other fittings were yet to be done. The estimates for this building was K850,000,000.00. So far K500,000,000.00 had been spent on the superstructure and K350,000,000.00 would be spent on the finishings. It was hoped that the building would be completed by August, 2012.

Generally, the old office block was in a deplorable state. Termites have invaded the offices, the roof was leaking, the ceiling was falling and the walls needed a new coat of paint. The Council had no strongroom and the licencing office was not secured.

The Hamusonde Market was a big market that has been constructed to accommodate ninety-six stands. The market shelter has no stands yet. At the time of the tour, only ten stands were under construction. The Council received K52,000,000.00 from the Ministry of Local Government and Housing. Manungu Market was also under construction. The shelter was already completed but has no stands.

The Guest House has twenty-seven rooms. At the time of tour, almost all rooms were occupied. The self contained double rooms are K120,000.00 self-contained twin rooms are K70,000.00 and twin rooms not self contained are K50,000.00. The roof of the Guest House was leaking and the ceiling failing in some places.

The Council was constructing a conference room at the Guest House using Constituency Development Fund. The total cost of the construction is K45,000,000.00. So far K30,000,000.00 has been spent on the construction.

The Council has no bus station as a result big buses use Golden Pillows Lodge as a station. There was an arrangement with Tooters and Golden Pillows, but the Council does not receive any remittances from them.

Your Committee was informed that there was serious conflict between Management and the Councillors. The Councillors did not accept the officers who were transferred to the Council. The Councillors were of the view that they were not consulted on who was sent to the Council by the Ministry of Local Government and Housing. However, the Council Chairperson clarified that a motion to reject the Council Secretary and officers who were brought to the Council was moved by one Councillor who caught the other Councillors by surprise but the motion was stopped. The Councillors bemoaned the low allowances due to them in their course of duty.

There are succession disputes and boundary disputes between the Chiefs in Monze, but this has been brought to the attention of the Ministry of Local Government and Housing and the issue was receiving attention.

Committee's Observations and Recommendations

Your Committee observes as follows:

- (i) there was conflict between the Councillors and Management which was apparently caused by lack of knowledge of the Conditions of Service by Councillors; as the allowances Councillors get are very low;
- (ii) the Council offices and the Guest House were in a bad state; and
- (iii) the Council has huge statutory debts.

Your Committee, therefore, recommends as follows:

- (i) the Ministry of Local Government and Housing should revise the Councillors' allowances and organize sensitisation workshops for Councillors so that they are aware of their Conditions of Service;
- (ii) the Council should as soon as possible embark on the maintenance and repair of its infrastructure; and

- (iii) the Ministry of Local Government and Housing should assist the Council meet its statutory obligations.

SINAZONGWE DISTRICT COUNCIL

110. There were five vacancies of Assistant Treasurer, Senior Administrative Officer, Administrative Officer for Sinazeze and Maamba and Water Sanitation Officer.

The Council has an inadequate revenue base, which was inherited from Gwembe District, because the valuation roll was outdated. However, the valuation department has been paid to come up with a Valuation Roll. The other sources of revenue are fish levy, cattle levy, licences, plot fees and rates. There were over 1,000 vessels on the fishing lake, but the Council has no control over the fishing because the lake was open throughout and fish was depleting. Moreover, the lake was shared by three Councils. The Council has a small market and the traders were paying K1,000.00 in form of levy. The Council received K187,000,000.00 as compensation grant on grain levy and K115,000,000.00 recurrent grant. Restructuring grant was still being given to the Council.

The Council owed LASF K21,000,000.00 NAPSA K10,000,000.00 and ZRA K35,000,000.00. The Council also has arrears in terms of retirement benefits amounting to K162,658,764.44.

The Council has a grader which was faulty and this was attributed to the drivers who were sent to the Council. They were not conversant with the equipment.

Sinazongwe has a beautiful chamber built from the K500 million received from the Ministry of Local Government and Housing in 2010. However, the other offices have leaking roofs. The registry office has a big crack from the wall running down across the floor. The Council has no strongroom.

Committee's Observations and Recommendations

Your Committee observes as follows:

- (i) the market is too small for the district;
- (ii) the road to Sinazongwe is in a very poor state;
- (iii) general maintenance of the office block is poor; and
- (iv) the Council has huge statutory debts.

Your Committee recommends that:

- (i) a bigger market be constructed;
- (ii) earth moving equipment should be procured by the Government for Councils as these would enable them maintain the roads in the districts ;
- (iii) the Council should urgently attend to the office block, especially the leaking roof; and
- (iv) the Ministry of Local Government and Housing should assist the Council meet its statutory obligations.

NAMWALA DISTRICT COUNCIL

111. Your Committee learnt that the staff establishment was sixty-nine, but the Council has sixty-one employees. Fifty-four were on permanent and pensionable terms while seven were on contract. There were eight vacancies among which was Director of Works and Internal Auditor.

The main source of revenue for the Council were property rates, licenses and permits, livestock and fish levies, rental charges on Council property, plot application and interview fees, meat inspections/abattoir fees, truck hire charges and communication mast fees.

The Council was also operating two commercial ventures which were the Council Guest House and a fleet of two buses a coach and a minibus. The Council has also procured a drilling rig and hoped to draw income from its hire. The drilling rig was bought from Thailand with spare parts at the cost of K480,000,000.00 from Constituency Development Fund (CDF) and it could drill down to 100 metres.

The Guest House has a cocktail bar which brought in K12,000,000.00 per month. It has six self contained rooms at K70,000.00 and twelve single rooms at K40,000.00 per night. The Guest House makes K2,000,000.00 to K4,000,000.00 per month. However, the Guest House was in a deplorable state. The ceiling was infested with bats. The wires on the circuit box and switches were naked.

What used to be a council bar was turned into a bus station with the Council running two grocery shops at the bus station. Five private restaurants operated from the bus station and there were fee paying toilets at K500.00 per head. The Council collected K4,000,000.00 per month from the bus station.

The market was very small and only accommodated fish sellers. The rest were trading in make shift shelters. There were pit latrines that were in bad state, however, the Council was constructing a modern ablution block which would have showers and assurance was given that plumbing works would be complete by end of June 2012. The marketeers paid K500.00 per day as levy and the fish traders paid K5,000.00 per basin of fish.

The office block was in a deplorable condition. The building was last painted in 2007. The offices and the corridors were infested with wasps which seemed not to bother the Council workers. The vehicles at the Council have no white books.

The Council collects K38,000,000.00 per month from livestock levy. The monthly revenue collection from all its ventures is K157,000,000.00. Its wage bill is K85,000,000.00.

Committee's Observations and Recommendations

Your Committee observes as follows:

- (i) the Council does not have an adequate market; and
- (ii) the Council office block and Guest House are in a deplorable state.

Your Committee recommends as follows:

- (i) the Council should embark on the construction of a new market as soon as possible; and
- (ii) the Council should give the buildings a facelift.

LIVINGSTONE CITY COUNCIL

112. Your Committee was informed that staff establishment was 322, five essential positions were vacant that is, Director of Engineering Services, Director of Public Health, Director of Legal Services, Director of Finance, Deputy Director of Engineering Services and Deputy Director of Legal Services. It came to light that the heads of department were not cooperating with the Town Clerk. They did not apply themselves fully and this has affected the operations of the Council.

The Council relied on rates, fees and charges and business levy. The average revenue for the Council was K1,000,000,000.00 per month which includes grants.

The bus station has been fenced off at the cost of K78,000,000.00 using CDF. The long term plan was to pave the ground, construct toilets, shelters and control booths at an estimated cost of K50,000,000.00. The call boys and mini bus drivers used the back of a caravan at the bus station to answer the call of nature and operate a place where they sell food called “savage restaurant” just in front of the caravan.

Livingstone City Council has no intercity bus station. Big buses were assigned certain points. Mazhandu’s station, which was outside Spar premises, contributes to the congestion of the roads. Moreover, Spar needed the area to be used by its customers. Mazhandu proprietor had refused to move to a new site that should accommodate all long distance buses. The other bus station for big buses opposite the ‘Zimbabwe’ market did not have adequate space. The toilets at the bus station were closed at 17:00 hours.

Mukuni Park has no adequate water supply and the lawns were dry. Entry fee was K1,000 and the park collects K120,000 per month.

The Council library building outside was very dirty. However, the library was well stocked as the Council receives a lot of donated books from well wishers mostly Children International. The Council has in its plan to open a branch in Dambwa in the Community Hall. The delay to open the Dambwa branch had been caused by works on fitting shelves. The library is used by 100 people in a day. Adults paid K10,000.00 per month while children used the library free of charge.

Maramba was the largest market in Livingstone, but the shelters were inadequate. There was no drainage system and the market was filthy. The Council collected K500,000.00 to K800,000.00 per day from the market.

The large market at the town centre, known as ‘Zimbabwe’ Market, has inadequate shelter and many traders, especially those dealing in vegetables have left the market for the streets. The market has a filthy toilet which was a danger to the marketeers and the public.

Tandabale Market was essentially a cooperative market under construction. The Cooperative bought the land at the cost of K50,000,000.00 of which K13,000,000.00 was donated by one politician. Early in the year, another politician of another party donated K13,000,000.00. The ablution block was already under construction. The cooperative and the Council have entered into a partnership and were due to sign a Memorandum of Understanding which would be sent to the Minister of Local Government and Housing for approval. The market was designed to have 1,200 stands and 420 shops.

The Council owes retrenchees of 1998 and 2004 a sum of K15,051,207,735.07 and the 187 retrenchees are still on the Council’s pay roll, Eighty-seven from 1998 and 100 from 2004. The Council owed ZRA K1,114,701,135.00, NAPSA K555,730,301.75, LASF K1,981,146,668.55 and ZSIC K503,099,384.60.

It was reported that there were 300 bill boards not captured in the database and the Council loses on the revenue. Further, Zambeef has not paid to the Council K5,000.00 per carcass levy although a council officer always goes to the abattoir everyday. The Revenue Hall, however, gives a brighter side in that it has been computerized and safety nets have been put in place. The Revenue which was at K4,000,000.00 in the previous years was now between K25,000,000.00 and K40,000,000.00 per day.

Your Committee observes as follows:

- (i) there is management crisis at the Council and pilferage of funds;
- (ii) the Council owes retrenchees a sum of K15 billion;
- (iii) the area earmarked for a new bus station has no basic facilities;
- (iv) the Council has no modern market; and
- (v) the upcoming Tandabale market is essentially a Corporative market and the Council seems to have no grip on it.

Your committee recommends that:

- (i) the Ministry of Local Government and Housing should urgently sort out staff issues at the Council if it has to offer meaningful services to the people;
- (ii) the Ministry of Local Government and Housing should rescue the Council from the K15 billion debt;
- (iii) the Council should as soon as possible put up the basic infrastructure at the new site if buses have to move from their present locations;
- (iv) the Ministry of Local Government and Housing should assist the Council to construct a modern market which befits a city council; and
- (v) the Ministry of Local Government and Housing should guide the Council on how to handle Tandabale market.

PART III

CONSIDERATION OF THE ACTION-TAKEN REPORT ON THE REPORT OF THE COMMITTEE ON LOCAL GOVERNANCE, HOUSING, ENVIRONMENT AND CHIEFS' AFFAIRS FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY

LUSAKA CITY COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Lusaka Clothing Factory

113. In the Action-taken Report, the Ministry informed your Committee that the Council has managed to recruit qualified personnel through the Local Government Service Commission (LGSC) and a sum of K200,000,000.00 has been provided towards the recapitalization programme of the factory, and acquisition of modern machinery in the 2011 Budget.

Your Committee would like to know whether the modern machinery has been procured. It awaits a progress report on the matter.

Confirmation of Findings by CYMA - Chartered Public Accountants and Management Consultants

114. In the Action-taken Report, the Ministry informed your Committee that the Council has not yet acquired Title Deeds for Chelston Shopping Complex, Kabwata Sports Complex and the Ten Ibex Hill houses due to the non-preparation of approved survey diagrams and other specifications for processing Title Deeds.

Your Committee is dismayed that the Council has failed to prepare survey diagrams and other specifications for processing of Title Deeds. It attributes this to the laxity of the Council. It directs the Ministry of Local Government and Housing that this should be expedited.

MONZE DISTRICT COUNCIL

STATUTORY AUDIT REPORT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2009

Non-acquisition of Title Deeds for council Properties

115. In the Action-taken Report, the Ministry informed your Committee that the Council has not yet acquired duplicate copies of Title Deeds due to the fact that the Council was in the process of preparing standards and specifications of survey diagrams to speed up the procedure of acquisition of Title Deeds. Your Committee is deeply concerned at the failure by the Council to prepare survey diagrams. It attributes this to lack of seriousness on the part of the Council. Your Committee directs the Ministry of Local Government and Housing to follow-up the matter. It awaits a progress report.

Non-maintenance of Depreciation Policy

116. In the Action-taken Report, the Ministry of Local Government and Housing informed your Committee that the Council has not adopted the depreciation policy and other relevant accounting policies. The Minutes of Council under Minute MDC/71/1 dated 15th August, 2010, were presented and

verified by the Council.

Your Committee directs the Ministry to come up with a standardized depreciation policy which should be distributed to all Councils. Your Committee awaits a report on the matter.

General Staff Reviews in Finance Department

117. In the Action-taken Report, the Ministry informed your Committee that the Council has not yet been adequately staffed awaiting the Local Government Service Commission (LGSC) completion of the staff audits in Councils.

Your Committee observes that the issue of adequate staff in Councils was of paramount importance. It requests Local Government Service Commission to quickly sort out the staff matters.

SOLWEZI MUNICIPAL COUNCIL

STATUTORY AUDIT REPORT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2009

Non-disposal of Obsolete Assets

118. In the Action-taken Report, the Ministry reported to your Committee that the Council has engaged a valuation surveyor from the Government Valuation Department (GVD) in the Ministry of Local Government and Housing to carryout valuation of obsolete assets.

Your Committee fails to understand why the Council has not taken the opportunity when the valuer carried out valuation of the Council property to value the obsolete assets. Your Committee directs that this be done immediately. Progress on the matter should be reported to your Committee.

Non-acquisition of Title Deeds on Council Buildings

119. In the Action-taken Report, the Ministry reported to your Committee that the Council has done the costings to engage the Land Surveyor in September, 2011, to prepare survey diagrams for all Council properties not on title for the purpose of acquiring Title Deeds from the Commissioner of Lands. Your Committee is dismayed that the Council Secretary would get Title Deeds using the site plans. It directs that survey diagrams be prepared so that Title Deeds could be obtained.

Non-updating of Valuation Roll

120. In the Action-taken Report, the Ministry informed your Committee that the Council's Valuation Surveyor has since commenced the preparation of the Valuation Roll with effect from April, 2011. So far, an inspection of properties for rateable purposes had been done.

Your Committee directs that the preparation of the Valuation Roll be expedited and progress reported back to your Committee.

SERENJE DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2009

Outstanding Debtors owing the Council Rest House: K126,461,700.00

121. In the Action-taken Report, the Ministry of Local Government and Housing informed your Committee that the Council had not yet recovered the sum of K126, 461,700.00. The Council has since written to the relevant Government Departments on the need for them to settle off the debts through their appropriate line Ministries.

Your Committee directs the Ministry to take up the matter and assist the Council to recover the amount of K126,461,700.00 from the line ministries. Your Committee awaits a progress report on the matter.

LUKULU DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Non-existence of Internal Audit Section

122. In the Action-taken Report, the Ministry reported to your Committee that the Council has not yet employed an Internal Auditor. The Local Government Service Commission was in the process of employing the Internal Auditor.

Your Committee directs the Ministry of Local Government and Housing to expedite the recruitment of the Internal Auditor. It awaits a progress report on the matter.

Failure to Produce Financial Statements

123. In the Action-taken Report, the Ministry reported to your Committee that the Council had not yet finalised the preparation of Annual Financial Statements due to non revaluation of assets over a long period of time, therefore, no meaningful Financial Statements could be produced. The Ministry has since directed the Council to prepare its Financial Statements on the basis of assumption values and not to wait any further.

Your Committee directs that the Financial Statements be prepared without undue delay. It awaits a progress report.

Massive Payment of Imprest to Council Employees without following Procedure/Financial Regulations: K122,048,000.00

124. In the Action-taken Report, the Ministry of Local Government and Housing informed your Committee that the Council has not yet recovered a sum of K122,048,000.00 which was borrowed from the Rural Water Supply and Sanitation (RWSS). The Ministry has since written to the Council that the amount owing should be paid from their institutional grant of K125,000,000.00 paid to them on quarterly basis.

Your Committee is concerned at the failure by the Council to recover the sum of K122,048,000.00. It directs the Ministry of Local Government and Housing to recover the money from the source.

Payment Voucher No 5, Cheque No. 0014009: K30,000,000.00

125. In the Action-taken Report, the Ministry reported to your Committee that the Council has not yet refunded the sum of K10,000,000.00 to the CDF Account. The Ministry has since written to the Council that the amount owing should be paid from their institutional grant of K125,000,000.00 paid to them on quarterly basis.

Your Committee directs the Ministry of Local Government and Housing to recover the amount of K10,000,000.00 from the Council's K125,000,000.00 quarterly grant. It will serve as a lesson to the Council.

Payment Voucher No 11, Cheque No. 014020: K12,700,000.00

126. In the Action-taken Report, the Ministry informed your Committee that the Council has not yet recovered a sum of K12,700,000.00 paid to Lukulu District Co-operative Union. The Ministry was informed that Lukulu District Cooperative Union was experiencing financial crisis, hence the failure to settle the debt in time.

Your Committee is dismayed that the Council involved the Lukulu District Co-operative Union in the matter. It is the Council to account for the money and not the Cooperative. It directs the Ministry of Local Government and Housing to recover the amount of K12,700,000.00 from the source.

Abuse of Office in the Administration of CDF by Council Secretary

127. In the Action-taken Report, the Ministry informed your Committee that the Council has not yet constructed a strongroom as directed by your Committee due to poor funding from their own revenues.

Your Committee urges the Ministry of Local Government and Housing to assist the Council to construct a strongroom as this will go a long way in improving the storage of accounting documents.

KAOMA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2009

Unaccounted for Cash Withdrawals: K8,969,000.00

128. In the Action-taken Report, the Ministry informed your Committee that the Council has not yet accounted for a sum of K8,969,000.00. Further, the Council has been directed that the sum of K8,969,000.00 be refunded from their own revenues, failure to which the amount would be deducted from their grants at the source.

Your Committee directs the Ministry of Local Government and Housing to recover the amount of K8,969,000.00 from the source.

SENANGA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2009

Internal Control System

129. In the Action-taken Report, the Ministry informed your Committee that the Local Government Service Commission was yet to send officers to the Internal Audit Unit. This should happen after the completion of staff audits in all local authorities by 31 December, 2011.

Your Committee awaits a progress report on the matter.

CHAMA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2009

Continued Failure to Prepare Financial Statements

130. In the Action-taken Report, the Ministry informed your Committee that the Council has not yet updated the Valuation Roll. The Council had been directed to utilize the institutional component of the recurrent grant to update the Valuation Roll not later than 31 December, 2011.

Your Committee urges the Council to quickly update the Valuation Roll. It awaits a progress report on the matter.

CONSIDERATION OF THE ACTION-TAKEN REPORT ON THE REPORT OF THE COMMITTEE FOR 2010

ISOKA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Non-production of Financial Statements

131. In the Action-taken Report, the Ministry informed your Committee that the Council has not yet updated the Valuation Roll due to lack of numbering of properties, which is essential in property valuation. The Council had been directed to use part of its institutional grant to update the Valuation Roll.

Your Committee wonders why the Council is taking so long in updating the Valuation Roll. It directs that this be done without any further delay and report progress.

SAMFYA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2009

Non-receipt of Lease Charges from Samfya Sun and Sand Resort Limited: K12,000,000.00

132. In the Action-taken Report, the Ministry informed your Committee that the matter was still subject to court ruling.

Your Committee directs to be informed of the outcome of the court process.

Non-preparation of Annual Financial Statements

133. In the Action-taken Report, the Ministry informed your Committee that the Valuation Roll would be updated by the Government Valuation Department in the last quarter of 2011. The delay in updating the Valuation Roll was as a result of properties not being numbered and lack of funds to conduct the valuation exercise.

Your Committee directs that the Valuation Roll be updated without any further delay and report progress.

MILENGE DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2009

Unprofitable lease of Council Tractor to Masesa Mine: K5,800,000.00

134. In the Action-taken Report, the Ministry informed your Committee that the Council has now introduced the hourly basis price on the hire of the tractor. However, the matter of dispute between the Council and Masesa Mine was still before the courts of law.

Your Committee directs to be informed on the outcome of the court case.

Missing Payment Vouchers: K51,307,211.00

135. In the Action-taken Report, the Ministry informed your Committee that the matter was still before the courts of law.

Your Committee directs to be informed on the outcome of the court case.

Fraudulent Payments: K11,582,000.00

136. In the Action-taken Report the Ministry informed your Committee that the matter was still before the courts of law.

Your Committee directs that it be informed on the outcome of the court case.

Accounting inadequacies for locally generated cash at source: K34,188,961.00

137. In the Action-taken Report the Ministry informed your Committee that the matter was still before the courts of law.

Your Committee directs that it be informed on the outcome of the court case.

Non-preparation of Expenditure Returns on the use of Grants: K786,279,448.00

138. In the Action-taken Report the Ministry informed the Committee that the matter was still before the courts of law.

Your Committee directs to be informed on the outcome of the court case.

MPIKA DISTRICT COUNCIL

AUDIT INSPECTION REPORT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2009

Lack of effective Internal Audit Function

139. In the Action-taken Report the Ministry informed your Committee that the Local Government Service Commission was yet to employ a qualified Internal Auditor.

Your Committee notes that Local Government Service Commissioners have been appointed. It directs the Ministry to ensure that the Internal Auditor is employed. It awaits a progress report.

CHAVUMA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2009

Undercollections on Approval Revenue Provisions

140. In the Action-taken Report, the Ministry informed your Committee that the Council has not yet valued its properties.

Your Committee directs the Council to value its properties without any further delay. It awaits a progress report.

Valuation of Assets not Maintained

141. In the Action-taken Report, the Ministry informed your Committee that the Council Valuation Roll has not yet been updated. The Council was expected to conclude the Valuation Roll by the second quarter of 2012.

The Committee observes that the Valuation Roll is not ready. It directs the Council to update the Valuation Roll without any further delay and awaits a progress report.

Non-disposal of Obsolete Assets

142. In the Action-taken Report, the Ministry informed your Committee that the Council has not yet disposed of all obsolete equipment. The Council had been directed to comply with the provisions of Section 67 of the *Local Government Act*, Cap 281 of the Laws of Zambia before the sale of assets is approved.

Your Committee directs that the Council should quickly dispose of the obsolete equipment. It awaits a progress report on the matter.

Internal Audit Function

143. In the Action-taken Report, the Ministry informed your Committee that the Local Government Service Commission was yet to employ the Internal Auditors.

Your Committee directs that the Internal Auditors be employed since the Local Government Service Commission is in place. It awaits a progress report on the matter.

KAWAMBWA DISTRICT COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2009

Cash Books Maintenance

144. In the Action-taken Report, the Ministry informed your Committee that the Local Government Service Commission was yet to employ accounting staff.

Your Committee directs that the recruitment of accounting staff be done without any further delay. It awaits a progress report on the matter.

Poor Maintenance of Imprest Ledgers

145. The Ministry informed your Committee that the Local Government Service Commission was yet to employ the senior officer in the Finance Department.

Your Committee directs that the recruitment of the senior officer in the Finance Department be done without any further delay. It awaits a progress report on the matter.

Non-preparation of Annual Financial Statements

146. In the Action-taken Report, the Ministry informed your Committee that the Council has since prepared the Income and Expenditure Accounts and Cash Flow Statements without completing the Balance Sheet.

Your Committee directs that it be informed of the progress on the completion of the Balance Sheet.

Operational Losses for the Rest House: K19,994,578.00

147. In the Action-taken Report, the Ministry informed your Committee that the Council has since

prepared the projected cash flow forecast as a way of improving the working Capital. The cash flow forecast was verified by the Ministry.

Your Committee directs that they be informed on the progress made on the renovation works and the construction of the fence.

KASAMA MUNICIPAL COUNCIL

STATUTORY AUDIT AND AUDIT INSPECTION REPORT ON THE UTILISATION OF CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2009

Plots suspected to have been dubiously allocated to some individuals by some Council Employees

148. In the Action-taken Report, the Ministry informed your Committee that the Council was still pursuing the matters with the Ministry of Lands and other institutions so as to bring the culprits to book.

Your Committee directs that it be informed on the progress made on the matter.

Unclaimed Monies not Received

149. The Ministry informed your Committee that the matter was still before the courts of law.

Your Committee directs that it be informed on the outcome of the court case.

Double Payment of Allowances for the same Activity: K3,300,000.00

150. In the Action-Taken Report, the Ministry informed your Committee that the Council has not yet resolved the matter.

Your Committee observes, with concern, the failure by the Council to get the names from Local Government Association of Zambia. It directs that this be done without any further delay so that the sum of K1,650,000.00 can be recovered.

Missing Payment Vouchers: K348,831,586.71

151. In the Action-Taken Report, the Ministry informed your Committee that the Council has not yet traced the payment vouchers worth a sum of K348, 831,586.71 due to poor record keeping. The Council had been directed to trace the documents not later than 30 December, 2011.

Your Committee directs the Council Secretary to trace the payment vouchers worth the sum of K348,831,586.71. It awaits a progress report on the matter.

Unjustified Salary Increments to Council Management

152. In the Action-Taken Report, the Ministry has since appointed a select committee to consider the harmonization of Conditions of Service for all Councils in line with the provisions of the *Employment Act*, on the definition of the basic salary and other conditions applicable in a unified local government service.

Your Committee directs that it be informed of the progress made on the matter.

Management Allowance Paid to Management Staff at 103%

153. In the Action-Taken Report, the Ministry has since appointed a select committee to consider the harmonization of Conditions of Service for all Councils in line with the provisions of the *Employment Act* on the definition of the basic salary and other conditions applicable in a unified local government service.

Your Committee directs that it be informed of the progress made on the matter.

No Goods Received Notes on record to support receipt of project materials: K1,146,245, 924.00

154. In the Action-Taken-Report, the Ministry informed the Committee that the Council has not yet resolved the matter.

Your Committee directs the Council to adhere to Financial Regulations 125 of 1992 on receipt of materials. It awaits a progress report on the matter.

Payment Vouchers not Traced on Record for Audit-K132,175,440.00

155. In the Action-Taken-Report, the Ministry informed the Committee that the Council has not yet resolved the matter.

Your Committee directs the Council to trace the payment vouchers amounting to K132,175,400.00. It awaits a progress report on the matter.

No details to support the utilisation of fuel for grading of township roads: K76,603,500.00

156. In the Action-Taken-Report, the Ministry informed your Committee that the Council has not yet presented the expenditure vouchers worth a sum of K 76,603,500.00 due to poor custody of accounting records and returns. The Council had been directed to trace the documents not later than 31December, 2011.

Your Committee directs the Council to trace the expenditure vouchers worth a sum of K76,603,500.00. It awaits a progress report on the matter.

THE 2010 REPORT OF THE HONOURABLE MINISTER OF LOCAL GOVERNMENT AND HOUSING ON THE SUMMARISED AUDITED ACCOUNTS OF LOCAL AUTHORITIES

LOCAL TOUR OF LUAPULA PROVINCE

Your Committee was privileged to tour six district councils in Luapula Province, namely; Milenge, Samfya, Mwense, Kawambwa, Nchelenge and Chiengi. The purpose of the tour was for your Committee to familiarize itself with the operations of Councils such as source and revenue base, workforce and wage bills, statutory debts, management of markets and bus stations and valuation of properties.

Understaffing

157. In the Action-Taken-Report, the Ministry informed your Committee that the Local Government Service Commission (LGSC) is yet to employ all the key personnel. This would be done after completion of the ongoing staff audit.

Your Committee directs the Ministry to ensure that the key personnel are recruited in the six Councils. It awaits a progress report on the matter.

Infrastructure

158. In the Action-Taken-Report, the Ministry informed your Committee that the Councils were yet to source funding for the construction of public facilities. However, in the year 2009, Government released a sum of K500,000,000.00 to Milenge District Council towards completion of the Civic Centre.

Your Committee directs to be informed on the progress made on the construction of public facilities and the Civic Centre in Milenge and Chiengwe Councils.

Fire Tenders

159. In the Action-Taken-Report, the Ministry informed your Committee that the issue of fire tenders would be considered once the Ministry sources second hand vehicles from cooperating partners. The two Councils would be considered for allocation. Furthermore, the Ministry would appeal to the Ministry of Finance and National Planning for an increase in budgetary allocation for the purchase of equipment for Councils in the next budget.

Your Committee directs to be informed of the progress made in the acquisition of fire tenders.

Keep Zambia Clean Vehicles

160. In the Action-Taken-Report, the Ministry informed your Committee that the District Councils had been directed to utilize the quarterly institutional component of the recurrent grant to meet the cost of servicing of the "Keep Zambia Clean" vehicles.

Your Committee notes that the vehicles are not fit for the job they were purchased for. The ideal situation would have been to purchase different vehicles for different Councils because of different terrains. It directs the Ministry to take an inventory of the vehicles to see if the vehicles can be repaired and awaits a progress report on the matter.

THE HOUSING SITUATION IN ZAMBIA

Lack of implementation strategy

161. In the Action-Taken-Report, the Ministry reported to your Committee that it would be engaging stakeholders in consultations to spearhead the revision of the National Housing Policy and the development of the housing implementation strategy.

Your Committee directs to be informed on the progress made on the matter.

Land Policy Issues

162. In the Action-Taken-Report, the Ministry reported to your Committee that the Ministry of Lands has effected the re-entry of undeveloped land and repossession of idle land not developed as stipulated in the *Lands Act*.

Your Committee directs to be informed of the progress on the matter.

Construction Sector Issues

163. In the Action-Taken-Report, the Ministry reported to your Committee that it was considering to support research and development to determine suitably cheaper and locally found construction materials in the construction industry.

Another option the Ministry was considering to reduce the cost of construction materials was to influence Government to consider a waiver of VAT and Custom Duty on construction materials such as cement, roofing materials etc through the Ministry of Finance and National Planning.

Your Committee directs to be informed of the options the Ministry is considering to reduce the cost of construction materials.

CHILILABOMBWE MUNICIPAL COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Outstanding Debtors: K545,820,174.16

164. In the Action-Taken-Report, the Ministry reported to your Committee that the balance of K36,272,056.00 from some debtors in respect of house rental arrears as of July, 2011, has not been collected. The Ministry has advised the Council to ensure that the balance was collected and the Committee would be informed in due course.

Your Committee directs the Council to collect the balance of K36,272,056.00 without any further delay. It awaits a progress report on the matter.

Outstanding Creditors: K4,630,824,885.19

165. In the Action-Taken-Report, the Ministry reported to your Committee that that an amount of K365,457,697.71 has so far been paid. The Council has not made any effort to liquidate the balance of K4,265,373,187.48 owed to various statutory and trade creditors as of July, 2011. The unpaid balance was verified on 21 July, 2011 and your Committee would be informed on the progress the Council will make on this matter in due course.

Your Committee observes, with concern, the failure by the Council to remit the Statutory Obligations to LASF. The Council risks penalties. Your Committee, therefore, directs the Ministry to remit the remaining balance of K4,265,373,187.48 from the source.

CHINGOLA MUNICIPAL COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUNDS (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Outstanding Debtors: K5, 194,098,469.05

166. In the Action-Taken-Report, the Ministry reported to your Committee that out of the outstanding sum of receivables of K5,194,098,469.05 the Council has so far collected a sum of K2,709,798,151.00

from various debtors which was verified on 21st July, 2011. The remaining balance of K2,484,300,818.00 was yet to be collected.

Your Committee notes that K2,484,300,818.00 is a huge sum of money. It, therefore, directs the Council to be vigilant and collect the money which can be used for developmental projects by the Council.

Outstanding Creditors: K9,934,131,337.54

167. In the Action-Taken-Report, the Ministry reported to your Committee that of a total sum of K9,934,131,337.54 as outstanding credit as at 31 December, 2008, the Council has so far managed to pay a sum of K3,605,940,133.00 to various creditors leaving a balance of K6,328,191,205.00 which was yet to be cleared. The Ministry verified the payments made to the Creditors.

Your Committee notes that K6,328,191,205.00 is a huge sum of money. It, therefore, directs the Council to collect the Money without any further delay. It awaits a progress report on the matter.

KALULUSHI MUNICIPAL COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Fixed Assets (Buildings) not Insured

168. In the Action-Taken-Report, the Ministry reported to your Committee that the Council revealed that apart from the two buildings namely Temweni Tavern and the Civic Centre, other buildings had been insured. These are the sub-centres Offices in Chambeshi and Chibuluma. The Council was still making efforts to insure the rest of the buildings which include the Bus Station and properties which have been leased out. Further, the insurance premiums are quite high and as a result, the Council had been unable to pay for the insurance of their assets.

Your Committee directs the Council to complete insuring the remaining buildings. A progress report is being awaited.

Non-remittance of Withholding Tax to the Zambia Revenue Authority (ZRA): K14,550,000.00

169. In the Action-Taken-Report, the Ministry reported that the Council had since reviewed tenancy agreements with Landlords and had started deducting Withholding Tax which was remitted to Zambia Revenue Authority. A sum of K5,368,120.00 had so far been remitted to Zambia Revenue Authority as of July, 2011, out of the outstanding amount of K14,550,000.00.

Your Committee directs the Council to remit the balance of K9,181,880.00 to Zambia Revenue Authority. It awaits a progress report on the matter.

LUANSHYA MUNICIPAL COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Outstanding Creditors: K54, 170,441.00

170. In the Action-Taken-Report, the Ministry informed your Committee that the Council has not yet paid a sum of K6,843,916.00 to its creditors.

Your Committee directs the Council to quickly pay the sum of K6,843,916.00 and report back progress.

NDOLA CITY COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2008

Outstanding Debtors: K31,129,591,218.00

171. In the Action-Taken-Report, the Ministry reported that while the debt-swap against the Government property rates in the sum of K15, 116,481,197.00 as at December, 2010, was being considered, the Ministry has also supported the Council with grants in lieu of rates, restructuring and recurrent Grants with amounts totaling K6,868,443,222.00 for the period 2009 to 2010. The Government subventions facilitated payments of statutory obligations such as unremitted employees' contributions to the Local Authorities Superannuation Fund (LASF) and National Pensions' Scheme Authority (NAPSA), and terminal benefits to retirees. There have been movements in debtors' position regarding collections (receipts) from K126,151,547,708.00 in 2009 to K19,759,340,535.00 in 2010, leaving a balance of K11,370,250,683.00 not yet collected as of July, 2011.

Your Committee directs the Council to recover the balance of K11,370,250,683.00 from the debtors. It awaits a progress report on the matter.

MPONGWE DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2008

Fixed Assets and Motor Vehicles not Insured

172. In the Action-Taken-Report, the Ministry reported to your Committee that the Council had since collected quotations from three insurance companies, and since their revenue base was low, the Council had planned to pay the insurance from the second half of the crop levies' compensation grant 2011 as soon as it was released by Government.

Your Committee directs the Council to have its fixed assets and motor vehicles insured. It awaits a progress report on the matter.

LUFWANYAMA DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Non-preparation of Complete Annual Financial Statements

173. In the Action-Taken-Report, the Ministry reported to your Committee that there has been a change of Council management team following the suspension of the previous management whose case is still in the Courts of Law. The current Management was seconded from different Councils to Lufwanyama District Council.

Your Committee directs Lufwanyama District Council to prepare and submit the annual Financial Statements for the financial year ended 31 December, 2008, without further delay. It awaits a progress report on the matter.

Fixed Assets and Motor Vehicles not Insured

174. In the Action-Taken-Report, the Ministry reported to your Committee that, as reported to your previous Committee, the Council has not yet insured its fixed assets and motor vehicles due to insurance premiums which are high, hence the failure to pay.

Your Committee directs the Council to insure its fixed assets and motor vehicles. It awaits a progress report on the matter.

MKUSHI DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2007

Certification of Title

175. In the Action-Taken-Report, the Ministry informed your Committee that the Council has not yet acquired certificates of title for the civic centre, old Council guest house, Council motel, quarry site, DANIDA complex and Council welfare hall due to failure by the Council to comply with procedures of acquiring Title Deeds such as non preparation of lay out site plans.

Your Committee expresses dismay at the failure by the Council to prepare site plans and survey diagrams to enable it to get Title Deeds for the property. Your Committee directs the Council to get survey diagrams ready so that it can acquire the Title Deeds. It awaits a progress report on the matter.

LIVINGSTONE CITY COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Non-revaluation of Assets

176. In the Action-Taken-Report, the Ministry informed your Committee that the Council has since

applied for the appointment of a valuation surveyor. The surveyor has since been appointed by the Honourable Minister of Local Government and Housing.

Your Committee directs that it be informed of the progress made on the matter.

LUWINGU DISTRICT COUNCIL

AUDIT INSPECTION REPORT (CDF) OF LUBANSENSHI AND LUPOSOSHI CONSTITUENCIES FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2009

Purchase of a Motor Vehicle from Lubansenshi Constituency Development Fund (CDF): K70,000,000.00

177. In the Action-Taken-Report, the Ministry informed your Committee that the matter was still pending conclusion of the outcome of the investigation.

Your Committee directs to be informed on the outcome of the investigations.

Illegal Payment on costs for Transport and Training on Workshop Repairs: K5,950,000.00 - Lubansenshi Constituency

178. In the Action-Taken-Report, the Ministry informed your Committee that the matter was still pending conclusion of the outcome of the investigation. The Court case was expected to be concluded before the end of second quarter of 2012.

Your Committee directs to be informed on the outcome of the court case.

KAPUTA DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUNDS (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2007

Expenditure on Stalled Market Project at Nsumbu: K43,761,012.00

179. In the Action-Taken-Report, the Ministry informed your Committee that the matter was still awaiting conclusion on the outcome of the investigations.

Your Committee directs to be informed on the outcome of the court case.

MPOROKOSO DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2007

Refund of K8,000,000.00 without Supporting Documents

180. In the Action-Taken-Report, the Ministry informed your Committee that the Council was still investigating the matter. The Council has been directed to conclude its investigations before the year end of 2011.

Your Committee directs to be informed on the outcome of the investigations.

KAWAMBWA DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Non-Existence of Stores and Procurement Departments

181. In the Action-Taken-Report, the Ministry informed your Committee that the Local Government Service Commission (LGSC) was yet to recruit the procurement and stores Officers.

Your Committee directs the Ministry of Local Government and Housing to ensure that the Local Government Service Commission recruits the procurement and stores officers. It awaits a progress report on the matter.

CHIENGE DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Lack of Supporting Documentation for Fixed Assets

182. In the Action-Taken-Report, the Ministry informed your Committee that the Council has not acquired the Title Deeds. The delay in acquisition of titles is due to non submission of site plans and survey drawings by the Council to the Ministry of Lands.

Your Committee directs the Council to quickly prepare the survey diagrams so that Title Deeds could be obtained. It awaits a progress report on the matter.

Non Preparation of Financial Statements

183. In the Action-Taken-Report, the Ministry informed your Committee that the Council had not prepared its annual financial statements due to non revaluation of assets so that the Balance Sheet is prepared. The Council had been directed to use assumption values to prepare the Balance Sheet and not to wait for the revaluation of assets.

Your Committee is dismayed at the failure by the Council to prepare its annual Financial Statements. It directs that this be done without any further delay. It awaits a progress report on the matter.

MUMBWA DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUNDS (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Certificate of Title

184. In the Action-Taken-Report, the Ministry informed your Committee that the Council has not yet

acquired certificates of title for its properties due to non submission of approved site plans and survey drawings by the Council to the Ministry of Lands.

Your Committee directs the Council to prepare the survey drawings and site plans and submit them to the Ministry of Lands so that Title Deeds can be obtained. It awaits a progress report on the matter.

CHAVUMA DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2008

Non-existence of Internal Audit

185. In the Action-Taken-Report, the Ministry informed your Committee that the Local Government Service Commission would recruit an Internal Auditor once the Local Government Service Commission finished the staff audit on the vacant positions in Councils.

Your Committee observes that the issue of adequate staff in Councils is cardinal. It requests the Local Government Service Commission to quickly sort out the staff matters.

MILENGE DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2007

Understaffing in the Accounts Unit

186. In the Action-Taken-Report, the Ministry informed your Committee that the Local Government Service Commission would recruit qualified staff for the Council once the completion of the staff audit on vacant positions in Councils had been completed.

Your Committee directs the Council to ensure that qualified staff are recruited. It awaits a progress report on the matter.

SHANG'OMBO DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2007

Non-acquisition of Title Deeds for the Civic Centre and Rest House

187. In the Action-Taken-Report, the Ministry informed your Committee that the Council has not yet acquired the Title Deeds for the civic centre and the rest house due to non-submission of approved site plans and drawings by the Council to the Ministry of Lands.

Your Committee observes that the issue of Title Deeds was coming up in most Councils. It directs the Ministry of Local Government and Housing to write to the Councils on the procedures on how to acquire Title Deeds.

CHILUBI DISTRICT COUNCIL

STATUTORY AUDIT REPORT AND AUDIT INSPECTION REPORT ON THE CONSTITUENCY DEVELOPMENT FUND (CDF) FOR THE PERIOD 1ST JANUARY 2008 TO 31ST DECEMBER 2009:

Council Properties without Title

188. In the Action-Taken-Report, the Ministry informed your Committee that the Council had not yet acquired Title Deeds due to non submission of approved site plans and survey drawings by the Council to the Ministry of Lands.

Your Committee directs the Council to prepare survey drawings and site plans for submission to the Ministry of Lands without any further delay. It awaits a progress report on the matter.

CHIBOMBO DISTRICT COUNCIL

Huge Statutory Debt-K201,938,974.00

189. In the Action-Taken-Report, the Ministry informed your Committee that the Council has reduced the indebtedness to LASF by a sum of K6,693,222.72 through Government relief.

Your Committee directs to be informed of the progress on paying the statutory obligation of K40,200,905.80 to LASF.

Guest House

190. In the Action-Taken-Report, the Ministry informed your Committee that the Council had formulated a plan and would include the cost in the budget for 2012 on the modernisation of its guest houses at Chibombo and Chisamba.

Your Committee directs to be informed of the progress in the modernization of the two guest houses in Chibombo and Chisamba.

KABWE MUNICIPAL COUNCIL

Huge Statutory Debt - K3,333,834,282.74

191. In the Action-Taken-Report, the Ministry informed your Committee that the Council was still pursuing the matter and once enough funds were availed the Ministry would assist the Council to liquidate the debt. However, the Council had been directed to continue liquidating its debts from its own sources.

Your Committee directs to be informed of the progress made in the liquidation of the debt of K3,333,834,282.74.

Poor and inadequate market facilities

192. In the Action-Taken-Report, the Ministry informed your Committee that the matter was receiving attention and once funding was sourced, the Committee would be notified in due course.

Your Committee directs to be informed of the progress in sourcing funds for the construction of a modern market in Kabwe.

MPONGWE DISTRICT COUNCIL

Ownership of Houses

193. In the Action-Taken-Report, the Ministry reported to your Committee that Council received financial support of K300,000,000.00 from the Provincial Administration, Copperbelt Province for construction of four Low-cost houses in Mpongwe District. The houses were constructed by the Council and have since been occupied by officers from various Government Departments.

The Council rented out the houses to the officers with the view that the rentals would contribute to Council's revenue base and at the same time be used to maintain the houses. However, there has been some resistance from the District Administration Office who has insisted that the houses in question are Government pool houses. As such, the officers occupying the houses were told not to pay to Council as rentals would be paid to Government.

This matter was not yet resolved and the Ministry has written a letter to the Permanent Secretary, Copperbelt Province, to clarify the wrangle of ownership of the four Low-Cost Houses in Mpongwe.

Your Committee observes that the houses belong to Mpongwe District Council and directs the Ministry to ensure that the houses are handed back to the Council. It awaits a progress report on the matter.

Appointment of Market Boards

194. In the Action-Taken-Report, the Ministry reported that the Honourable Minister of Local Government and Housing has decided, for the time being, that all district Councils to manage their markets. Further, the Ministry's position on this matter is that Market Management Boards (MMBs) would be appointed only for viable markets in City and Municipal Councils initially as a pilot phase.

Your Committee directs to be informed of progress on the management of markets.

Valuation Roll

195. In the Action-Taken-Report, the Ministry reported that the Honourable Minister of Local Government and Housing appointed a Valuation Surveyor from the Ministry's Northern Region Government Valuation Department in Kitwe who carried out and completed the 2010 valuation exercise for rating purposes in March/April, 2011. The Council was waiting for the Valuation Surveyor to submit a draft Valuation Roll for scrutiny before submission of the final roll.

Your Committee directs it be informed of progress made on the matter.

MASAITI DISTRICT COUNCIL

Huge Statutory debt

196. In the Action-Taken-Report, the Ministry informed your Committee that the Council had out of K839,549,747.00 so far paid a sum of K193,521,312.00 to statutory creditors leaving a balance of K700,028,435.00 not yet paid.

Your Committee directs the Council to pay its statutory creditors of K700,028,435.00 and report back progress.

NDOLA CITY COUNCIL

Huge statutory Debt – K 15,099,328, 983.00

197. In the Action-Taken-Report, the Ministry reported to your Committee that the Council was making efforts to liquidate its huge statutory debt of K15,099,328,983.00 owed to statutory creditors. There had been movements in creditors' position with amounts totaling K10,596,129,401.00 paid to creditors as of July, 2011, leaving balance of K4,503,199,582.00 not yet paid.

Your Committee directs to be informed of the progress made on the liquidation of the balance of K4,503,799,582.00.

KITWE CITY COUNCIL

Huge Statutory Debt: K45,712,943,000.00

198. In the Action-Taken-Report, the Ministry reported that the Council, apart from owing creditors, was also owed a huge sum of K27,842,747,011.00 from various debtors. The Council was optimistic that once debtors start responding by settling their outstanding accounts, the Council would also start servicing some of the creditors whose debts had been outstanding for a long time. The Council also had standing agreements with the Local Authorities Superannuation Fund (LASF) and the National Pensions' Scheme Authority (NAPSA) of monthly remittances in liquidating their indebtedness various creditors. Your Committee would be informed on the outcome of measures that the Council had put in place to reduce its huge statutory credit of K45,712,943,000.00 owed to both statutory and trade creditors in due course.

Your Committee directs the Council to liquidate its statutory debt of K45,712,943,000.00. It awaits a progress report on the matter.

Valuation Roll

199. In the Action-Taken-Report, the Ministry reported to your Committee that the appointed Valuation Surveyor from the Government Valuation Department (GVD) based at the Northern Region Office finalised the preparation of the 2009, Kitwe City Council Main Valuation Roll and was delivered to the Council in December, 2010 to advertise the roll to the public for inspections by the property owners to raise objections or not. The Council has hitherto, not advertised the Valuation Roll.

Your Committee directs the Council to advertise the Valuation Roll without any further delay. It awaits a progress report on the matter.

Appointment of Market Boards

200. The Ministry reported to your Committee that the Council submitted names of proposed nominees to the Honourable Minister for consideration and approval as Market Boards Members for Markets in Kitwe.

Your Committee directs that it be informed of the progress made on the matter.

KALULUSHI MUNICIPAL COUNCIL

Huge Statutory Debt: K5,917,541,537.00

201. In the Action-Taken-Report, the Ministry informed your Committee that Council as of July, 2011, paid a sum of K140,000,000.00 to the Local Authorities Superannuation Fund (LASF) and a sum of K78,000,000.00 to the National Pensions' Scheme Authority (NAPSA), both in respect of unremitted employees' pension contributions. The total amount of K218,000,000.00 was paid to statutory creditors out of the statutory debt of K5,917,541,537.00. The details of the transactions of the liquidated amounts have been verified.

Your Committee directs the Council to liquidate the remaining balance of K5,699,541,537.00 to unpaid creditors.

MUFULIRA MUNICIPAL COUNCIL

Modern Market

202. In the Action-Taken-Report, the Ministry reported that the Government had not yet mobilized funds after the European Union (EU) stopped funding the construction of Urban Markets.

Your Committee directs that it be informed of the progress made on the matter.

THE ACTION-TAKEN REPORT ON THE COMMITTEE'S REPORT FOR 2009

KAWAMBWA DISTRICT COUNCIL

STATUTORY AUDIT REPORT OF THE COUNCIL'S FINANCIAL ACCOUNTS AND AUDIT INSPECTION REPORT OF THE CONSTITUENCY DEVELOPMENT FUND FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2006

Fraudulent Disposal of Injector Pump: K19,912,385.35

203. In the Action-Taken-Report, the Ministry reported to your Committee that the matter was still before the courts of law.

Your Committee directs that it be informed on the outcome of the court case.

Establishment and management of cemeteries

204. The Ministry reported to your Committee that a consultative meeting was held between various stakeholders, chiefs, council secretaries and other senior government officials on the burial space.

Your Committee directs that it be informed of progress made on the matter.

THE ACTION-TAKEN REPORT ON THE COMMITTEE'S REPORT FOR 2008

KAOMA DISTRICT COUNCIL

STATUTORY AUDIT REPORT OF THE COUNCIL'S FINANCIAL ACCOUNTS AND AUDIT INSPECTION REPORT OF THE CONSTITUENCY DEVELOPMENT FUND FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2006

Irregular Tender Procedures and Non-Completion of Grader Repairs: K67,701,900.00

205. In the Action-Taken-Report, the Ministry informed your Committee that the matter was still before the courts of law.

Your Committee directs to be informed on the outcome of the court case.

MILENGE DISTRICT COUNCIL

Missing Council Benz Tipper Truck Registration No. AAG 90

206. In the Action-Taken-Report, the Ministry informed your Committee that the matter was still outstanding. However, this matter concerns Milenge District Council and not Gwembe District Council.

Your Committee is alarmed that a whole Benz Tipper Truck registration No. AAG 90 can disappear without a trace. It directs the Ministry to follow-up this matter and report progress.

CONCLUSION

207. Your Committee is alarmed at the way Councils are operating. The statutory debts were cleared for them in 2008, but the Councils have again accumulated huge debts. The situation on the ground indicates that there is no monitoring and supervision of revenue collection. As a result collected revenue is embezzled. Therefore, this compromises the ability of local authorities in providing service delivery. Your Committee, therefore, urges the Ministry of Local Government and Housing to sieve the workforce and put right officers in right positions if service delivery in local authorities is to be attained.

Your Committee expresses gratitude to the Ministry of Local Government and Housing, Auditor-General's office, Town Clerk, and Council Secretaries for their valuable contributions. Gratitude also goes to the office of the Clerk of the National Assembly for the services and advice rendered during the deliberations.

Finally, your Committee wishes to thank you, Mr Speaker, for the guidance given during the Session.

July 2012
LUSAKA

E M Sing'ombe, MP
CHAIRPERSON

APPENDIX I

LIST OF OFFICIALS

Mr S M Kateule, Principal Clerk of Committees
Mr G Lungu, Deputy Principal Clerk of Committees
Ms M K Sampa, Committee Clerk (FC)
Ms S Sianga, Assistant Committee Clerk
Mr G Zulu, Assistant Committee Clerk
Ms C R Mulenga, Assistant Committee Clerk
Ms C Malowa, Assistant Committee Clerk
Ms M Zimba, Assistant Committee Clerk
Mrs E C B Kanyanta, Stenographer
Mr R Mumba, Committee Assistant
Mr C Bulaya, Committee Assistant
Ms F B Kasoma, Intern