

REPORT OF THE COMMITTEE ON LOCAL GOVERNANCE, HOUSING AND CHIEFS' AFFAIRS FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY APPOINTED ON 24 SEPTEMBER, 2010

Consisting of:

Mrs R M Musokotwane, MP (Chairperson); Mr H M Malama, MP; Mr D Mwangi, MP; Mr V M Mooya, MP; Mr E M Sing'ombe, MP; Mr B Chella, MP; Mr C K Banda, SC, MP and Dr S Musonda, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,

Your Committee has the honour to present its Report for the Fifth Session of the Tenth National Assembly.

Functions of your 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 its portfolio and make appropriate recommendations to the Housing 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 your Committee

3. Your Committee held twenty-six meetings to consider business for the year.

Procedure adopted by your Committee

4. During the period under review, your Committee considered the Report of the Honourable Minister of Local Government and Housing for the year 2011. 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 Second Report for the Fourth Session of the Tenth National Assembly. Further, your Committee undertook a local tour to six district councils in Luapula Province in order to familiarise itself with their operations.

Your Committee's Report is, therefore, divided into four parts. The first part deals with the Honourable Minister's Report while the second is on the local tour. The third part is on the Action-Taken Report of your Committee's Report for 2010 and the fourth part is the conclusion.

PART I

CONSIDERATION OF THE 2011 REPORT OF THE HONOURABLE MINISTER OF LOCAL GOVERNMENT AND HOUSING ON THE SUMMARISED ACCOUNTS OF LOCAL AUTHORITIES

LUSAKA CITY COUNCIL

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

Maintenance of many Bank Accounts

5. In response, the Acting Town Clerk explained that the Council maintained sixty-four bank accounts at the time of the audit. He stated that some of the accounts were opened due to the requirement by donors that required that new accounts were opened before transactions could commence. The number of donor accounts would vary according to the number of donors giving conditions to open new accounts for the purpose of effective monitoring of their monies. Therefore, the Council had no control in this respect.

In noting the response, your Committee directs the Council to close unnecessary accounts and only remain with strategic ones and awaits a progress report on the matter.

Service Provision Budget provided for under other Budget Lines other than a Specific Service Provision Budget Line

6. In response, the Acting Town Clerk informed your Committee that the chart of accounts introduced by the Central Government did not clearly bring out the service provision budget line. However, the Council had now migrated to the Medium Term Expenditure Framework (MTEF) chart of accounts which had a distinct service provision budget for the year 2011. Although this was still a pilot project, the Council was liaising with the Ministry of Finance and National Planning and the Ministry of Local Government and Housing on the inclusion of some codes on the service provision budget.

In noting the response, your Committee resolves to await a progress report on the inclusion of codes on the service provision budget.

Unretired Imprest: K744,767,052.20

7. The Acting Town Clerk responded that management followed up on the unretired imprest by writing letters to the concerned members of staff to retire the outstanding imprest. Recoveries from salaries were being made for those who failed to retire.

In noting the submission, your Committee directs the Council to ensure that all the outstanding imprest is recovered and also not to issue imprest to staff with unretired imprest. It awaits a progress report on the recoveries.

Late Retirement of Imprest

8. In response, the Acting Town Clerk stated that management had written to all concerned members of staff to retire imprest within seven days failure to which recoveries would be made from their salaries.

In noting the response, your Committee directs the Council to adhere to Regulation 119 of the Local Authorities (Financial) Regulations No. 125 of 1992 and awaits a progress report on the recoveries.

Unacquitted for Expenditure K30,077,500 - Cholera Account

9. In response, the Acting Town Clerk informed your Committee that the officers concerned were written to and recoveries had been effected.

In noting the submission, your Committee resolves to await a progress report on the recovery of K30,077,500 for the Cholera Account.

Uncredited Transactions: K16,137,358

10. In response, the Acting Town Clerk submitted that the Council has had correspondence with the Banks concerning outstanding items on the bank reconciliations. Some Banks had responded and adjustments had been made. However, some items were still not cleared where Banks had not responded.

Your Committee notes the response and directs the Council to ensure that all bank transactions are credited and await a progress report on the matter.

Non-maintenance of Fixed Assets Register

11. In response, the Acting Town Clerk submitted to your Committee that the Council had a list of assets on which the financial statements were based. However, the Council had already engaged and paid Government Valuation Department (GVD) K33,000,000 to value all council properties and give them specific addresses for ease of identification. The draft report was received from GVD on 18 February, 2011. Fixed asset management software was also a requirement for sound fixed asset management and it was being considered by the Council.

In noting the submission, your Committee urges the Council to ensure that an up-to-date fixed assets register was kept through management software and await a progress report on the matter.

Lusaka Clothing Factory

12. In response, the Acting Town Clerk stated to your Committee that the factory in its current form was not viable. However, the Council has plans to employ skilled labour force, recapitalise the factory and purchase modern machinery to revamp the factory as highlighted in the Council's 2011 – 2015 strategic plan.

In noting the response, your Committee resolves to await a progress report on employment of skilled labour force, recapitalisation of the factory and the acquisition of modern machinery for the factory.

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

13. In response, the Acting Town Clerk informed your Committee as follows:

PROPERTY	LOCATION	MARKET VALUE (ZMK)	REMARKS
Civic Centre	Independence Avenue	11,500,000,000	On Title
Chelston Shopping Complex	Great East Road	380,000,000	Not yet on Title
Northmead Shopping Centre	Paseli/Madzimoyo Roads	410,000,000	On Title
Kabwata Sports Complex	Burma Road	214,600,000	Not yet on Title
Sheki Sheki Warehouse and Offices	Sheki Sheki Road	360,400,000	Sold
Ten Ibex Hill Houses	Ibex Hill	Not known	Not yet on Title

In noting the submission, your Committee directs the Council to acquire title deeds for Chelston Shopping Complex, Kabwata Sports Complex and ten Ibex Hill Houses and awaits a progress report on the matter.

KABWE MUNICIPAL COUNCIL

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

Over expenditure Votes: K455,838,597

14. In response, the Town Clerk informed your Committee that the Council has since prepared supplementary estimates on the over expenditure votes of K455,838,597 and would be presented to the Ministry for approval. Your Committee would be informed accordingly in due course.

In noting the response, your Committee resolves to direct the Council to adhere to Regulation 10 of the Local Authorities (Financial) Regulations No. 125 of 1992 and await a progress report on the approval of supplementary estimates by the Ministry.

Under collection of Revenue: K3, 652,696,120.82

15. The Town Clerk responded that the Council has since prepared supplementary estimates on the under collection of revenue amounting to K3,652,696,120.82 and would be presented to the Ministry for verification. Your Committee would be notified of the progress in due course.

In noting the submission, your Committee resolves to await a progress report on the supplementary estimates presented to the Ministry for approval.

MONZE DISTRICT COUNCIL

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

Non-acquisition of Title Deeds for Council Properties

16. In response, the Acting Council Secretary stated that a formal submission to the Ministry of Lands has been made to request for duplicate copies of title deeds. Follow-ups were underway.

Your Committee notes the response and directs the Council to adhere to Regulation 153 of the Local Authorities (Financial) Regulations No. 125 of 1992 and ensure that title deeds for Council properties are acquired. It awaits a progress report on the matter.

Non-maintenance of Depreciation Policy

17. The Acting Council Secretary responded that a full depreciation policy has been prepared for adoption by the Council, as recommended by the Auditor.

Your Committee, in noting the response, resolves to urge the Council to adhere to the International Accounting Standards No. 16 of 2008 and await a progress report on the outcome of the Council's decision.

Non-reconciliation of Receivables

18. In response, the Acting Council Secretary stated that an accounting system has been drafted in order to seal the weakness of reconciling receivables.

While noting the response, your Committee directs the Council to put in place an accounting system to seal weaknesses of reconciling receivables and awaits a progress report on the matter.

General Staff Reviews in Finance Department

19. In response, the Acting Council Secretary stated that the matter was reported to the Ministry of Local Government and Housing to consider the Council engaging qualified accounts officers. So far, one accounts officer has been seconded from Mazabuka District Council, but two more were required. The matter awaits action by the Local Government Service Commission (LGSC).

In noting the response, your Committee awaits a progress report on the action to be taken by the LGSC.

Review of Financial Statements

20. The Acting Council Secretary responded that the Financial Statements for the year ended 31 December, 2009, had since been prepared and awaits adoption by the Council.

While noting the response, your Committee urges the Council to adhere to Section No. 43 of the *Local Government Act, Cap 281* of the Laws of Zambia and await a progress report on the Council's decision.

Payments of House Rentals without deducting With-Holding Tax (WHT)

21. In response, the Acting Council Secretary stated that the Auditor's findings were acknowledged. With-Holding Tax shall hence forth be deducted.

Your Committee urges the Council to adhere to the provisions of the *Income Tax Act, Cap 323* of the Laws of Zambia on payment of taxes and await a progress report on the payment of With-Holding Tax to the Zambia Revenue Authority.

ITEZHI-TEZHI DISTRICT COUNCIL

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

Irregular Transactions: Borehole Drilling: K46,300,000

22. In response, the Council Secretary stated that the K46,300,000 was not meant for payment for borehole drilling. The Ministry of Local Government and Housing paid on behalf of the twelve districts for drilling of boreholes. The community contribution was aimed at instilling a sense of ownership in the communities. The Government through Itezhi-Tezhi District Council was drilling fifty-five boreholes and each of these communities paid K1,500,000 as contribution. The Council did not owe the Rural Water account any money.

While noting the response, your Committee requests the Ministry of Local Government and Housing to follow-up the issue of contributions made by the communities and how it has been utilised and await a progress report on the matter.

SOLWEZI MUNICIPAL COUNCIL

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

Non-disposal of Obsolete Assets

23. In response, the Town Clerk stated that the Council passed a resolution to dispose of the obsolete assets. As per requirement, there has to be a valuation report of the assets to be disposed of. This would not have been economical to be undertaken on its own, hence the Council took advantage of the valuer, who would be valuing the property of the Council to include this exercise for this purpose.

In noting the reply, your Committee urges the Town Clerk to implement the Council resolution and await a progress report.

Non-acquisition of Title Deeds on Council Buildings

24. The Town Clerk responded that the Council has started the process of acquiring title deeds for Council buildings as directed by the Ministry. The process has started with the production of site plans for the said buildings.

In noting the response, your Committee directs the Council to adhere to Regulation 153 of the Local Authorities (Financial) Regulations No. 125 of 1992 and await a progress report on the acquisition of title deeds for the Council property.

Non-updating of Valuation Roll

25. In response, the Town Clerk informed your Committee that the Council was awaiting the appointment of the valuation surveyor. The Ministry of Local Government and Housing has since appointed the valuation surveyor and the Council has since paid the required funds to the valuer at the sum of K165,000,000 to undertake the exercise.

Your Committee notes the response and await a progress report on the updated Council's Valuation Roll.

SERENJE DISTRICT COUNCIL

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

Missing Receipt Books

26. In response, the Council Secretary stated that the Council has traced three out of the six missing receipt books. The traced receipts books were serial numbers 77001 – 7800, 11851 – 11900 and 12351 – 12400.

The other three receipt books were obtained by the Market Master, who has confirmed that he had lost them and was currently on suspension pending disciplinary action. The Council has directed the internal auditor to follow up on the issued receipt books and report any discrepancies.

Your Committee observes that there is inadequate monitoring of accountable documents by the Council Secretary contrary to Regulation 28(b) of the Local Authorities (Financial) Regulations No. 125 of 1992. Your Committee, therefore, directs the Council Secretary to trace the other three receipt books and report progress on the matter.

Non-availability of Title Deeds

27. In response, the Council Secretary stated that the Council has a fourteen year lease Title Deed for all its land and building which has expired. The Council has applied for the renewal of the Title Deeds for ninety-nine year lease. The condition for obtaining a ninety-nine year lease was that the land had to be re-surveyed by qualified land surveyors. The Council has engaged AMP Consultants to survey the land and submit documents to the Ministry of Lands.

In noting the reply, your Committee resolves to await a progress report on the outcome of the application for the renewal of title deeds for a ninety-nine year lease.

Outstanding Debtors owing the Council Rest House: K126,461,700

28. In response, the Council Secretary stated that the current debtors' position was as follows:

NO.	NAME	OUTSTANDING AMOUNT (K)	AMOUNT PAID (K)	OUTSTANDING BALANCE
1	District Commissioner	97,527,700	-	97,527,700
2	Prisons Department	18,534,000	-	18,534,000
3	Zambia Police	10,300,000	-	10,300,000
4	Mr Batati (District	100,000	-	100,000

	Meteorology Officer)			
	Total	126,461,700	-	126,461,700

Follow-ups by the Council to have the money paid proved difficult even with the help of the Office of the Permanent Secretary for Central Province.

In noting the response, your Committee requests the Ministry of Local Government and Housing to assist the Council in recovering the money owed and 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 1 JANUARY TO 31 DECEMBER, 2008

Non-existence of internal audit section

29. In response, the Acting Council Secretary submitted to your Committee that the Council has been looking for a qualified person to fill the post of assistant internal auditor to control the Council's internal financial system. Unfortunately, no qualified person applied for the position because of unattractive conditions of service. However, the Council was looking for someone to fill up the position.

Your Committee notes the response and urges the Local Government Service Commission to resolve the matter of employing an internal auditor. Your Committee awaits a progress report.

Failure to produce financial statements

30. In response, your Committee was informed that the Council agreed with the findings of the auditor and that the financial statements, which were not ready for audit at the time, have been located and were ready for verification.

Your Committee directs the Council Secretary to adhere to Section 43 of the *Local Government Act, Cap 281* of the laws of Zambia that requires that Council Financial Statements are prepared and produced when required. Your Committee await a progress report.

Payment Vouchers without Supporting Documents

31. In response, your Committee was informed that thirty-nine payment vouchers have been supported out of eighty and the remaining vouchers would be made available for verification.

Your Committee notes with regret that eighty payment vouchers amounting to K70,950,250 were paid by the Council for various goods and services without supporting documents contrary to Regulation 28 of the Local Authorities (Financial) Regulations No 125 of 1992. Your Committee, therefore, directs the Council Secretary to adhere to Regulation 28 of the Local Authorities (Financial) Regulations No 125 of 1992 and await an up-date on the remaining payment vouchers.

Massive payment of imprest to council employees without following procedure/financial regulations: K122,048,000

32. In response, the Acting Council Secretary informed your Committee that the Council agreed with auditor's findings. He further stated that the borrowing was reported to the Council, which recommended that the money be refunded and repayments have so far started.

Your Committee observes that a sum of K122,048,000 was borrowed from the Rural Water Supply and Sanitation (RWSS) receipted on GR No 2210 and was not authorised by the Council. The reason for borrowing was not known. As a result, the Council staff took undue advantage of this money and paid themselves in form of imprest without following financial regulations and procedure. Your

Committee, therefore, directs that the money be recovered by 31 December, 2011 and await a progress report.

LUKULU EAST CONSTITUENCY

Payment voucher No 3, Cheque No. 0014008: K9,145,000

33. In response, the Acting Council Secretary acknowledged the audit findings and submitted that the money in question was used for subsistence allowance and purchase of fuel for monitoring projects and the receipts were ready for verification.

Your Committee in noting the above, observes that the cheque was drawn by an officer as administrative costs without accounting for and therefore, resolves to await a detailed report on how the money was used and also the report for the monitoring exercise.

Payment voucher No 5, Cheque No. 0014009: K30,000,000

34. In reply, your Committee was informed that K20,000,000 was deposited directly in the Council Account and the receipts were available for verification.

In view of the foregoing, your Committee observes that only K20,000,000 was for administrative costs as per Constitutional Development Funds (CDF) Guideline No.17 while the K10,000,000 was not accounted for. Your Committee, therefore, directs the Council to refund the K10,000,000 to the CDF Account and await a progress report.

Payment voucher No 11, Cheque No. 014020: K12,700,000

35. In response, your Committee was informed that the receipts for the workshop have been provided and were available for verification.

In noting the submission, your Committee observes that the cheque in the sum of K12,700,000 was paid to Lukulu District Co-operative for training of co-operative members without accounting for it and directs the Council to refund the money to the CDF Account. It awaits a progress report on the matter.

Abuse of office in the administration of CDF by Council Secretary

36. In response, your Committee was informed that all the accountable documents had been found and were available for verification.

In noting the submission, your Committee observes that though there is no strong room at the Council, the Council Secretary is not taking his supervisory role seriously. It, therefore, directs the Council to ensure that a strong room is constructed and the transactions accounted for. It awaits a progress report on the matter.

KAOMA DISTRICT COUNCIL

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

Unaccounted for cash from the service account: K465,220,000

37. In response, the Council Secretary submitted that K449,513,950 were grants from the Ministry of Local Government and Housing which were deposited in the service charge account whilst the K15,745,270 was locally collected and was used before banking. The Council regrets the action and promises not to repeat the mistake in future. The records were available for verification.

While noting the submission, your Committee directs the Council to report on how the K15,745,270 was used and wait for a progress report on the matter.

Questionable Payment to Progress Akamonwa: K5,000,000

38. In clarifying the query, the Council Secretary informed your Committee that the payment in question was K300,000 and not K5,000,000.

Your Committee requests the Ministry to verify the two figures and await a progress report on the matter.

Unaccounted for cash withdrawals: K8,969,000

39. In response, the Council Secretary informed your Committee that the auditor's findings were correct and the recoveries from the officers involved had been effected. The documents were ready for verification.

Your Committee directs the Council to adhere to Regulation 86(1) of the Local Authorities (Financial) Regulations No. 125 of 1992 and that all the monies is refunded. It awaits a progress report on the matter.

Missing Payment Vouchers: K252,467,632

40. In response, the Council Secretary stated that he agreed with the auditor's findings and submitted that some payment vouchers that were missing have been traced while requesting for more time to trace the remaining ones.

In noting the submission, your Committee directs the Council to adhere to Regulations 98(1) and 28(1) (c) of the Local Authorities (Financial) Regulation No. 125 of 1992 and that the remaining vouchers be traced. It awaits a progress report on the matter.

Unretired imprest: K34,116,453

41. In response, your Committee was informed that the auditor's findings were correct because at that time of the audit, some officers had not retired the imprest by the end of the year. Recoveries had since been effected.

Your Committee directs the Council to follow Regulation 119(1) and (2) of the Local Authorities (Financial) Regulation No. 125 of 1992, when dealing with imprest and that all the remaining imprest amounting to K21,483,453 is recovered. It awaits a progress report.

SENANGA DISTRICT COUNCIL

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

Irregular Payment of Social Holiday Allowances

42. In response, the Council Secretary submitted that the Council had stopped paying social holiday allowance to chief officers except the Council Secretary, until the Local Government Association of Zambia and the Ministry were consulted and responses received.

In noting the response, your Committee directs the Council to recover all the money from concerned employees and await a progress report on the matter.

Unremitted Taxes: K30,220,500

43. In response, the Council Secretary informed your Committee that the Council has recalculated correct amounts of accrued taxes for affected employees and made adjustments. The

Council has also started paying the accrued debt to the Zambia Revenue Authority (ZRA) in order to avoid penalties and legal costs.

Further, your Committee heard that the Treasurer has been instructed to check on the computations of taxes for the workers. He also submitted that the Council has submitted verification to the Ministry the adjusted salary sheet schedules for tax deductions, payment vouchers and cheque numbers paid to the ZRA. Further, he stated that this was an ongoing process which was put in place in order to clear off the accrued debt.

Your Committee notes the response and directs the Council to strictly adhere to the *Income Tax Act, Cap 323* of the Laws of Zambia and await a progress report on the matter.

Unverified Receipts and Payments Accounts

44. In response to the query, the Council Secretary submitted that a fresh set of receipts and payments accounts with relevant supporting ledgers has been prepared. The Council has also arranged for capacity building for the finance department with the help of the Provincial Auditor on a short term measure. Further, three officers were identified to undertake training on distance training basis at Chalimbana Local Government Training Institute to be sponsored by the Council.

Your Committee notes the response and await progress report on the capacity building of the Finance Department.

Internal Control System

45. In response, your Committee was informed that the Council has improved and strengthened its internal control system to avert any possible abuse of funds. It was reported that the District Council Treasurer has improved the payment procedures and constant checks and balances in the system before a payment was finally made to a supplier. He said the procurement procedures have been strengthened by introducing bid cost analysis, purchase order, delivery and inspection reports to ensure that quality materials were provided.

While noting the reply, your Committee observes that the internal audit department is inadequately staffed and requests the Local Government Service Commission to address the situation at the Council. It, therefore, 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 1 JANUARY TO 31 DECEMBER 2009

Failure to recover unretired imprest: K134,609,429

46. In response, the Council Secretary informed your Committee that some of the unretired imprest amounting to K98,132,679 have been recovered from seven imprest holders against their leave days dues and long service bonuses.

The Council had also written-off the outstanding imprest totalling K730,000 for two deceased employees whose terminal benefits were already paid as recoveries could have been difficult. This was according to the Council Resolution No. SCM/04/2011, dated 25 February, 2011. However, the Council has intensified efforts towards recovering the balance of K35,746,750 from seven imprest holders from their personal emoluments.

While noting the response, your Committee directs the Council to strictly adhere to Regulation 119(1) and (2) of the Local Authorities (Financial) Regulation No. 125 of 1992 and recover all monies from the affected employees. It awaits a progress report on the matter.

Continued failure to prepare Financial Statements

47. In response, your Committee was informed that financial statements for the financial year ended 31 December, 2009, in particular, the balance sheet could not be prepared at the time by the Council due to the fact that to-date, the Council Valuation Roll, which was prepared in 1992, has not been updated. However, as at 31 December, 2009, some financial statements such as receipts and payments' accounts and cash flow statements have been prepared and were ready for verification.

Your Committee notes the response and waits for a progress report on the status of the Valuation Roll.

Non-preparation of Bank Reconciliation Statements

48. In response, your Committee was informed that monthly bank reconciliation statements could not be prepared because bank statements for all the four accounts, namely; District Fund, Chama North CDF, Chama South CDF and Chief's Retainers accounts were misplaced after the auditing by the auditors from the Office of the Auditor-General, Eastern Province, Chipata in 2009. In addition, the Acting Council Secretary reported that respective banks have since been written to requesting for a reproduction of statements to enable the Council prepare monthly bank reconciliation statements for the period under review in retrospect, accordingly.

While noting the response, your Committee directs the Council to ensure that Bank Reconciliation Statements are done in line with Regulation 20 of the Local Authorities (Financial) Regulation No. 125 of 1992 and await a progress report on the matter.

LUANGWA DISTRICT COUNCIL

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

Non-acquisition of Title Deeds for Council Properties

49. In response, the Acting Council Secretary submitted that the Council has engaged a land surveyor to demarcate plots that were to be numbered on the revised Luangwa Township Map for issuance of title deeds by the Ministry of Lands for all council properties, which included Feira Lodge, Council Rest Houses both at Luangwa Boma and Chitope and the new Luangwa Civic Centre.

Your Committee notes the response and await a progress report on the acquisition of title deeds for its property from the Ministry of Lands.

Non-correction of Internal Auditor's observations

50. In reply, the Acting Council Secretary submitted that all observations that were raised by the Internal Auditor have been addressed and were now being implemented as internal controls in the Treasury Department as per Regulation 25 of the Local Authorities (Financial) Regulations No. 125 of 1992.

Your Committee notes the reply and directs the Council to adhere to Regulation 25 of the Local Authorities (Financial) Regulations No. 125 of 1992.

ISOKA DISTRICT COUNCIL

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

Non-production of Financial Statements

51. In response, the Council Secretary stated that the Council agreed with the auditor's findings on the preparation of financial statements. However, he attributed the issue to the Council's assets not being recorded because of not being valued. As a result, it was not possible to prepare the financial reports. Further, he stated that the income statement for the commercial venture has been prepared. Unfortunately, it was not availed to the Auditor at the time of the audit.

Furthermore, the Council has consulted Ndola Municipal Council and lobbied them to assist Isoka District Council to carry out the valuation of the existing structures in the district. The Council has also approached the Irish Aid for possible funding of the same exercise as they had done on several developmental activities in the district.

Your Committee notes the response and directs the Council to ensure that the Valuation Roll is done. It awaits a progress report on the matter.

Repairs to newly bought Pajero Vehicle not justified: K10,985,000

52. In reply, the Council Secretary submitted that the K10,985,000 for the repair of the Pajero, which was involved in an accident, was approved by the Council under minute No. ICD/22/05/08.

He informed your Committee that the driver was directed to contribute 50% of the total funds for repair, but he did not have the funds at the time. His contributions were done through monthly deductions from his salary.

However, the Council paid the total amount of K10,000,000 for repairs and deductions are being effected from the driver's salary.

The extra K985,000 was for the other works that were done to the vehicle after it was worked on and delivered to the Council. This was purely routine maintenance to the vehicle.

Your Committee observes that vehicle in question was not insured and directs the Council to insure its properties in order to avoid unnecessary cost. However, it awaits a progress report on the recoveries from the driver.

SAMFYA DISTRICT COUNCIL

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

Funeral expenses incurred by the Council contrary to the Local Government Conditions of Service: K1,500,000

53. In response, the Acting Council Secretary stated that the officer who lost his father was entitled to a funeral grant of K500,000 and standard coffin at K1,000,000. However, the officer has been asked to bring receipts. The Ministry of Local Government and Housing would be availed with the receipts or action taken and your Committee would be informed accordingly.

Your Committee observes that it has taken too long for the concerned officer to avail receipts on how the money was utilised and directs the Council to ensure that the money is accounted for. It awaits a progress report on the matter.

Non-receipt of lease charges from Samfya Sun and Sand Resort Limited: K12,000,000

54. In response, the Acting Council Secretary submitted that the case was in the courts of law and could not be discussed further until the case was disposed of by the High Court in Kitwe.

Your Committee notes the response and await a progress report on the ruling of the Court.

Non-preparation of Annual Financial Statements

55. In response, the Acting Council Secretary reported to your Committee that the trend in Councils was the preparation of receipt and payment accounts which was done, but with the introduction of Local Government and Financial Manual, which mandates councils to prepare final accounts, there was need for council properties to be valued before the final account could be prepared. Samfya District Council did not have a Valuation Roll. To this effect, the Council has so far made a payment of K43,000,000 to the Government Valuation Department to facilitate the Valuation Roll exercise in order to have values attached to property as the final accounts were prepared.

Your Committee notes the response and directs the Council to ensure that the Valuation Roll exercise was completed. It awaits a progress report.

Unrealistic Tengenasha Transport Payment: K12,000,000

56. In response, the Acting Council Secretary stated that the cost could have appeared unrealistic if the transport was only from Mansa to Samfya. However, the cost in question included transportation from Mansa to Samfya (mainland) and Samfya to Luapula Constituency (the swamps). Therefore, it was both land and water transport.

Your Committee observes that Tengenasha Transport belonged to a Senior Accounting Officer resulting in inside trading. Your Committee warns the Council not to allow its employees to be involved in inside trading to avoid unnecessary queries.

CHIENGI DISTRICT COUNCIL

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

Over expenditure on three votes: K292,039,531

57. In response, the Acting Council Secretary stated that the Council has complied with the Law and Regulation 10 (1) of the Local Authorities (Financial) Regulation No. 125 of 1992 by writing to the Ministry requesting approval of the supplementary budget estimate.

In noting the response, your Committee resolves to await a progress report on the Ministry's approval regarding the request made by the Council.

Disposal of 650 litres of fuel for monitoring: K5,416,000

58. In response, the Acting Council Secretary stated that the Council has normalised the issue as per observation made by the auditor and ledger card had been opened.

In noting the response, your Committee directs the Council to pay back all the fuel for CDF activities and await a progress report on the matter.

MILENGE DISTRICT COUNCIL

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

Unprofitable lease of Council Tractor to Masesa Mine: K5,800,000

59. In response, the Council Secretary stated that the Council made an effort to trace Masasa Mine, but it could not be traced within Luapula Province. The officers who were involved in negotiating the Lease Agreement, namely, the Assistant Director of Works and the Accounts Clerk were called to submit information concerning the missing Lease Agreement and the said agreement could not be traced. However, the two officers were on suspension for their involvement in the misappropriation of Council funds and were appearing before the court of law.

The Council management was making sure that all contracts or agreements involving the Council were reported to the Council before signing and entering into such agreements.

Your Committee observes that the Council made a loss as it only managed to get K775,000 as profit out of an expected K15,000,000 if the tractor was hired on hourly basis at K200,000 per hour. It, therefore, directs the Council to ensure that the tractor is hired on hourly basis in future. However, it awaits a progress report after the matter is disposed of in the courts of law.

Unaccounted for Bar Stocks and Receipts: K8,429,600

60. In response, the Council Secretary stated that the Council has commenced investigations on the matter and the officers had been written to so that they could submit detailed account of how the Bar Stocks and Cash Takings were managed. Disciplinary measures shall be instituted jointly on the two officers.

Management has put in place documents such as Goods Received Note, Stores Requisition and Delivery Notes to monitor the movement of Stocks or Stores items. This enables the Council to identify the point at which the Stocks or Stores items might be going missing.

While noting the response, your Committee resolves to await the action the Council would take on the said officers.

Missing Payment Vouchers: K51,307,211

61. In response, the Council Secretary stated that the Council was requesting your Committee to allow Council Management to make further investigations as some of the missing payment vouchers could be with Zambia Police, who were prosecuting the suspended officers for misappropriation of Council funds during the financial year 1 January to 31 December, 2009. The matter was still in Court.

Your Committee notes the response and will await a progress report on the Court outcome.

Unacquitted for Funds: K1,000,000

62. The Council Secretary responded that the Council was only able to trace payees who were paid K7,000,000 leaving a balance of K1,000,000 not signed for. The cheque was written in the name of a Councillor, who informed the Council that he had given all the documents to the then management officers currently on suspension. However, the Councillor has been notified that the said K1,000,000 shall be recovered from his sitting allowances during the March, 2011 Council meeting and April, 2011, Committee meeting.

Your Committee notes the response and directs the Council to adhere to Regulation 94 of the Local Authorities (Financial) Regulations No. 125 of 1992 and await a progress report on the recovery of K1,000,000 from the Councillor.

Irregular Expenditure on District Commissioner: K300,000

63. In response, the Council Secretary stated that the Council was not able to get satisfactory explanation on why the then Acting Council Secretary paid K300,000 funeral grant to the District Commissioner, a person who was not an employee of the Council. The then Acting Council Secretary had been communicated to and notified that the said K300,000 was wrongly paid and shall be recovered from his salary as he was not supposed to approve such a payment.

Your Committee notes the response and directs the Council to adhere to the 1996 Local Government Conditions of Service. It awaits a progress report on the recovery of the money from the then Acting Council Secretary.

Unaccounted for funds: K2,769,741

64. In response, the Council Secretary informed your Committee that the Council cautioned the officers against failing to retire imprest on time. Since the said imprest was supposed to be returned soon after undertaking the trip, the Council decided to recover the said amounts from the officers' March, 2011, salaries and the Treasurer has been instructed to effect the said recoveries and notify the officers accordingly.

In noting the response, your Committee directs the Council to adhere to Regulation 86(1) of the Local Authorities (Financial) Regulations No. 125 of 1992 and await a progress report on the recovery of imprest amounting to K2,769,741 from the concerned officers.

Fraudulent Payments: K11,582,000

65. In response, the Council Secretary stated that after thorough investigations and examination of the records, the Council only managed to trace a payment voucher of K2,000,000 on cheque No. 2171, drawn by the suspended Assistant Director of Works. The Council was investigating the matter further, more especially soon after the disposal of the court case of misappropriation and theft of Council funds, which case was still in the Court of Law.

Your Committee notes the response and awaits a progress report after the case is disposed of by the Courts of Law.

Falsified Imprest Retirement: K1,480,000

66. In response, the Council Secretary stated that the imprest amounting to K1,480,000 was paid to the then Acting Council Secretary to travel to Mansa to attend the Local Government Provincial Appeals Board meeting, but upon retiring the imprest, he presented wrong receipts. Although part of the imprest was spent on fuel, the source of the fuels (i.e the receipts) showed Lusaka which made it extremely difficult to accept the receipts as genuine and therefore, decided to recover the said imprest from the officer.

Your Committee notes the response and awaits a progress report on the recovery of the said money from the then Acting Council Secretary.

Accounting inadequacies for locally generated cash at source: K34,188,961

67. In response, the Council Secretary stated that the habit of using the locally generated cash was encouraged by the former management to deliberately weaken the control system in order to avoid bank transactions. Currently, management ensures that all the revenue collected by the Council was properly recorded and deposited in the Council bank accounts. The Treasurer has been given firm instructions not to pay from the revenue collected before the same was deposited. This had greatly improved the accountability of locally generated revenue and went a long way to finance service delivery activities and meeting of wages.

The Council regretted its failure to prepare the Expenditure Returns on the use of grants received from the Ministry of Local Government and Housing. However, the major constraint in the preparation of the Expenditure Return for the year 2009 and partly 2008, was that the same records were being used

by Zambia Police to prosecute some suspended Council officers and prayed that the Council be allowed more time until the matter was disposed of by the court of law.

However, the Council has made improvements in the recording of all utilisation of funds as books of accounts were now being maintained and inspected every quarter by the Treasurer.

Failure to manage and account for the Chief's Subsidies and Chief Retainers' Wages has brought shame to the Council and the Council has started paying the Chief Retainers, National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) accordingly. However, the Council admitted that these obligations would not be met at once because, NAPSA, LASF and ZRA, had been accumulating over a long period of time.

Your Committee notes the response and awaits a progress report after the matter has been disposed of by the Court.

Non-preparation of Expenditure Returns on the use of Grants: K786,279,448

68. In response, the Council Secretary stated that the Council regretted its failure to prepare the Expenditure Returns on the use of grants received from the Ministry of Local Government and Housing. However, the major constraint in the preparation of the Expenditure Return for the year 2009 and partly 2008, was that the same records were being used by Zambia Police to prosecute some suspended Council officers and prayed that the Council be allowed more time until the matter was disposed of by the Court. However, the Council had made improvements in the recording of all utilisation of funds as books of accounts were now being maintained and inspected every quarter by the Treasurer.

Your Committee notes the response and awaits a progress report after the matter has been disposed of by the Court.

Irregularities in managing and accounting for of Chiefs Subsidies and Chiefs' Retainers' Wages

69. In response, the Council Secretary stated that failure to manage and account for the Chiefs' subsidies and Chief Retainers' Wages had brought shame to the Council and the Council has started paying the Chief Retainers, NAPSA and Local Authorities Superannuation Fund (LASF) accordingly. However, the Council admitted that these obligations would not be met at once because the same, such as, NAPSA, LASF and ZRA had been accumulating over a long period of time.

Your Committee notes the response and urges the Council to pay its statutory obligations. It awaits a progress report on the matter.

Unretired Imprest: K71,252,301

70. In response, the Council Secretary stated that the Council has been making effort to contact the individuals whose imprest was outstanding some of whom were no longer in the district while one officer was now deceased. The Council just managed to trace documents for two officers who were still employees of the Council. However, the Council pleaded with your Committee to allow them more time to contact the individuals concerned. The Council also assured your Committee that measures have been put in place to ensure that any officer paid an imprest retires the funds soon after the officer has reported back to the station.

In noting the response, your Committee directs the Council to recover all the outstanding imprest from the concerned officers and to strictly adhere to Regulations 119 and 125 of 1992. It awaits a progress report on the matter.

Unjustified Refunds paid in the names of individuals instead of the Account Names: K15,000,000

71. In response, the Council Secretary stated that the Council traced some documents related to the same and the schedules of payments were availed to the Auditors. In order to avoid recurrence, the Council now paid the casual workers engaged in Community Projects using Council officers

instead of Community Leaders. When Community Leaders (Project Committee Leaders) were paid, it became difficult to get back some records.

Your Committee notes the response with sadness in that the Council disregards Regulation 89(1) of the Local Authorities (Financial) Regulations No. 125 of 1992 and directs the Council to trace all accounting documents and await a progress report on the matter.

Partly Retired Imprest not accounted: K30,528,713

72. In response, the Council Secretary stated that so far, the Council has only traced some payment vouchers for an officer amounting to K2,660,000 and another officer K11,110,836 while other payment vouchers were not traced at the time of the audit verification.

The Council had experienced difficulties in keeping of records during the period 2008 — 2009. This sad development was compounded by the fact that the suspended officers were not allowed to hand over upon leaving offices as there was no order in the manner the officers were removed from the offices. The Council has regrettably learnt that officers should be allowed to hand over offices and a proper handing over and taking over exercise conducted.

In noting the response, your Committee directs the Council to ensure that all accountable documents for the period under review are traced and await a progress report on the matter.

Missing Eighteen Payment Vouchers: K61,143,282

73. In response, the Council Secretary stated the Council made some effort to trace some payment vouchers amounting to K34,155,560 leaving a balance of K26,987,722. However, the Council requested your Committee to consider allowing the Council more time to search further and report back later.

Your Committee directs the Council to follow the laid down Regulations and trace all accountable documents and awaits a progress report on the matter.

Four Accountable Documents not returned to the Council

74. In response, the Council Secretary stated that at the time of the audit verification, the Council had managed to retrieve two Receipt Books — No. 0522451 — 05522500 and 0522501 — 0522550. The other two accountable documents had not yet been traced. The Council requests more time to trace the same accountable documents.

In order to avoid loss of accountable documents, it was stated that the Council now only allowed not more than two books to be issued to any one officer and new books were only issued upon surrendering the used or old books.

In noting the response, your Committee directs the Council to issue only one receipt book at a time and urges the Council to ensure that Regulation 98(1) of the Local Authorities (Financial) Regulations No. 125 of 1992 is adhered to and that the two receipt books are accounted for. It awaits a progress report on the matter.

Review of the Budget and Performance through the Receipts and Payments' Accounts

75. The Council Secretary responded by stating that although the Council made every effort to write the Receipts and Payments for the year 2008, this could not be conclusively done because some data could not be retrieved. Some missing data made it extremely difficult to complete this assignment.

However, in order to avoid the repeat of the same, the Council makes sure that the preparation of Receipts and Payments were done for every quarter and records were properly maintained. The preparation of the Receipts and Payments for the year 2008 still remain a challenge.

Your Committee notes the response and directs that the Council prepares the receipts and payments for the year 2008 and awaits a progress report on the matter.

KALABO DISTRICT COUNCIL

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

Payment of electricity Bills for Officers in receipt of Electricity Allowance: K1,060,000

76. In response, the Council Secretary agreed with the auditor's findings and assured your Committee that the money would be recovered.

In noting the response, your Committee resolves to await a progress report on the recoveries.

Irregular payment of Social Holiday Allowances: K12,000,000

77. In response, your Committee was informed that the Council paid social holiday allowances to chief officers contrary to the conditions of service. The Council regretted the action and resolved not repeat the action in future.

In noting the response, your Committee directs the Council to recover all monies and await a progress report.

MPIKA DISTRICT COUNCIL

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

Lack of effective Internal Audit Function

78. In response, your Committee was informed that lapses occurred when the incumbent left the Council to join another institution. Considering the skeleton staff in the finance department and the low number of qualified staff at the time, the Council opted to appoint a junior officer for administrative convenience purposes, to act as internal audit assistant. The Council could not employ qualified personnel as the Ministry of Local Government and Housing had issued a circular to suspend employment of senior members of staff. However, as a remedial measure, management sought permission to have an officer seconded to the Council to act as an internal auditor and the post has been up-graded from that of internal audit assistant to internal auditor.

In noting the response, your Committee urges the Local Government Service Commission to take up the matter of employing a qualified auditor and awaits a progress report on the matter.

CHAVUMA DISTRICT COUNCIL

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

Under collections on approval Revenue Provisions

79. In response, the Council Secretary stated that during the period under review, it was true that the Council recorded under-collection in local taxes, fees/charges and other receipts. This was due to the constraints set out below.

- i) The vastness of the border with Angola had made it very difficult for the Council to control illegal trade along the border, hence making it difficult to collect levies, such as, animal levy, fish levy and licenses;
- ii) Non-valuation of rateable properties; and
- iii) In the year under review, the Government remitted the grant in lieu of rates late. As a result of this, service provision in 2009 was adversely affected.

The books of accounts were available for verification by the Auditor, including the list of properties, which needed to be valued.

While noting the response, your Committee urges the Council to ensure that all Council properties are valued.

Incurring over expenditure without Supplementary Budget Estimates: K137,932,230

80. In response, the Council Secretary stated that it was true that during the audit, the auditor observed that the Council had an over expenditure on three budget lines. This was due to unexpected grants from the Ministry to clear salary arrears and other debts. Authority for revised estimate had since been sought from the Ministry. The supplementary estimates were available for verification.

In noting the response, your Committee directs the Council to adhere to Section 39(2) of the *Local Government Act, Cap 281* of the Laws of Zambia and await a progress report on the Minister's response on the request made by the Council.

Valuation of Assets not maintained

81. The Council Secretary responded that at the time of audit, the Valuation Roll was available, but lacked some essential details. The necessary details had since been included.

In noting the response, your Committee urges the Council to ensure that the Valuation Roll is completed to ascertain the value of Council property.

Non-disposal of obsolete assets

82. In response, the Council Secretary stated that it was discovered by the Auditor that some fixed assets such as the John Deere Tractor 2850 HP which was acquired by the Council some time ago had outlived its life span and had been over valued as it was no longer running. At the time of audit, its net book value stood at K16,000,000. The Council had since written to the Ministry to seek authority to dispose of all obsolete assets.

Your Committee notes the response and awaits a progress report on the disposal of all obsolete equipment of the Council including the John Deere Tractor 2850 HP.

Internal Audit Function

83. The Council Secretary responded that it was true that at the time of audit, the Council's internal audit function was not in place. The Council had since submitted the vacancies to the Ministry of Local Government and Housing to employ through the Local Government Service Commission.

In noting the submission, your Committee resolves to await a progress on the employment of internal auditors at the Council through the Local Government Service Commission.

KAWAMBWA DISTRICT COUNCIL

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

Cash Books maintenance

84. In response, the Council Secretary stated as follows:

- i) re-writing of the cash book was in progress and would be ready for verification by the auditors;
- ii) the Council had written to the Ministry of Local Government and Housing to transfer qualified accounts staff to re-enforce the labour force in the accounts department; and
- iii) the Council was still embarking on training its staff in the Finance Department every year.

Your Committee observes that the Finance Department at Kawambwa District Council has no capacity to perform its functions and urges the Local Government Service Commission (LGSC) to urgently address the matter. Your Committee awaits a progress report on the matter.

Poor maintenance of Imprest Ledgers

85. In response, the Council Secretary stated that the matter of filling vacant senior positions in the Finance Department has been brought to the attention of LGSC through the Ministry of Local Government and Housing. The Council was waiting for such staff to be engaged.

Your Committee notes the response and await a progress report on the matter.

Non-preparation of Annual Financial Statements

86. In response, the Council Secretary stated that it was difficult to prepare the balance sheet because both movable and non-movable assets had no values. The Council was waiting for the Valuation Roll from the Government Valuation Department. However, the income and expenditure and the cash book had been prepared and was ready for verification.

Your Committee notes the response and directs the Council to prepare Annual Financial Reports and also ensure that the issue of non-valuation of assets is followed up with the relevant Government Department. It also urges the Council to conform to Generally Accepted Accounting Principles (GAAPs) and awaits a progress report on the matter.

Operational Losses for the rest house: K19,994,578

87. The Council Secretary responded that Council Management had drawn up a plan for the rest house and so far renovations had started to put it to good standard. Plans to upgrade the rooms into self-contained level had been drawn. The Council would also construct the fence to improve security and privacy at the rest house.

In noting the response, your Committee directs the Council to improve on the working Capital Management and complete the renovation. Your Committee awaits a progress report.

Lose/Misplacement of Accountable Document – Receipt Book: K347,436,728.84

88. In response, the Council Secretary stated that the receipt book missed during the audit done over the weekend by auditors from the Auditor-General's Office, but the search for the same book had continued.

In noting the response, your Committee observes that there is no proper supervision at the Council and directs the Council to trace the receipt book where an income of K347,436,728.84 was receipted and await a progress report on the matter.

Missing Payment Vouchers-K52,753,725

89. In response, the Council Secretary stated that out of the nine missing payment vouchers, seven had been retrieved and were ready verification, while the other two were still missing.

Your Committee directs the Council to trace the two missing payment vouchers and urges it to adhere to Local Authorities (Financial) Regulations of 1992 to avoid unnecessary queries. Your Committee awaits a progress report on the matter.

Payments not posted in the Cash Book: K92,872,000

90. In response, the Council Secretary stated that ledgers had been prepared and were ready for verification.

Your Committee notes the response and urges the Council to adhere to the Local Authorities (Financial) Regulations No. 125 of 1992. It awaits a verification report.

MONGU MUNICIPAL COUNCIL

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

Questionable Council Debt: K112,357,500

91. The Town Clerk responded that the debt had been outstanding since 2006, for one supplier and 2007, for the others. These were suppliers of market receipts, general receipt books and council stationery. These had since been repaid except for the 2006, one for K65,850,000. The Council was still trying to trace the administrator. The payment vouchers were ready for verification

While noting the response, your Committee directs the Council to ensure that the outstanding debt since 2006, is liquidated and await a progress report on the matter.

KASAMA MUNICIPAL COUNCIL

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

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

a) *Plot no. 37 behind Prifex Hotel along Mpika Road*

The Town Clerk responded that a field visit conducted at the plot behind Prifex Hotel on 23 November, 2010, revealed that an individual was developing the area and was putting foundation at the time of the visit. The Developer was served with an enforcement notice directing her to submit plot ownership documents to prove she was the legal owner of the plot in question. One developer had gone as far as acquiring an offer from the Ministry of Lands.

b) *Plots opposite Water Affairs Department, next to United Church of Zambia (St. Pauls) along Mpika Road*

The Town Clerk reported to your Committee that a site visit was conducted to the referred area on 23 November, 2010 and two developments were found on site both at lintel level. However, an enforcement notice could not be served because the developers were not on site at the time of the visit.

c) ***Newly created plots behind the hospital-two structures were being erected at the time of this audit***

The Town Clerk reported to your Committee that the Council had cancelled the newly created plots opposite Malalo Police ground and location of the incinerator at Kasama General Hospital. This was because it had been observed that the newly created plots were within the radius of between 200 to 300 meters from the incinerator at Kasama General Hospital with specific relation to the direction of the flow of the emissions from the incinerator. It was, therefore, resolved that the newly created plots be cancelled as evidenced by the letter written to the Commissioner of Lands.

The developers in question were served with enforcement notices so that they prove legal ownership of the plots and the cases were reported to the Council for appropriate action.

d) ***Plot Nos. 6032 to 6043***

The Town Clerk reported to the Council on the creation of residential plots on an open space which was initially an Unplanned Land marked (UL) and developers had been served with enforcement notices directing them to submit their credentials to show legality of ownership of the plots. The Commissioner of Lands was also written to requesting for status of the plots in question in case the previous management recommended some applicants for offer. Findings would be reported to the Council for appropriate action and all plots would be treated as vacant.

Your Committee notes the responses and awaits an update on the matter.

Unclaimed Monies not receipted

93. The Acting Town Clerk reported that the Council disagreed with the audit findings that unclaimed monies were not receipted on different days by the said officers. This query was as a result of not availing documents during the audit. However, the monies were receipted and documents were ready for verification.

In noting the response, your Committee requests the Ministry to verify the matter and awaits a progress when the matter is disposed of by the Court of Law.

Double payment of allowances for the same activity: K3,300,000

94. The Acting Town Clerk, in response, stated that the double payment of allowances for the same activity on different dates amounted to K3,300,000. Only half of the said cash was properly accounted for by way of signing the acquittal sheet by the beneficiary.

The Council had written to the Local Government Association of Zambia to find out who represented Kasama Municipal Council and deductions will be made from the officers to recover the alleged lost funds for the Council.

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

Missing Payment Vouchers: K348,831,586.71

95. In response, the Acting Town Clerk reported that the payment vouchers were not availed for audit at the time of audit due to poor filing system and lack of office accommodation for storage purposes. However, the payment vouchers had been traced.

In noting the response, your Committee observes that the Principal Officer lacks dedication and commitment to duty and that supervision is lacking at all levels, the storage room for accountable documents is not restricted and missing payment vouchers may have been hidden to conceal malpractices that may have occurred. It directs the Principal Officer to commit himself to duty by ensuring that all accountable documents are filed properly and awaits a progress report on the matter.

Unjustified salary increments to Council Management

96. The Acting Town Clerk informed your Committee that at the time of the audit, minutes were not availed for audit to justify the salary increment for non-unionised workers.

The increment for management salaries were approved by the Council.

Your Committee observes that the Council increased management salaries three times in one year without following the Local Government Conditions of Service for Non-Unionised Workers, (1996). It, therefore, directs the Council to follow the Local Government Conditions of Service for Non-Unionised Workers, (1996) and awaits a progress report on the matter.

Management allowance paid to management staff at 103%

97. In response, the Acting Town Clerk stated that the Council paid management allowance at 103%. The Council would correct the inherited anomaly by revising the 103% management allowance to indicate what constituted the said allowance.

Your Committee observes that the Council paid management allowances to employees at 103% of one's basic salary contrary to the Local Government Conditions of Service, (1996) and awaits an update on the matter.

No Goods Received Notes on record to support receipt of project materials: K1,146,245,924

98. In response, the Acting Town Clerk reported to your Committee that there was no Goods Received Notes on records to support receipt of the project materials, which was an oversight on the part of the Council. It had started to correct the situation to ensure that Goods Received Notes were attached to the payment vouchers.

Your Committee observes that there is lack of supervision at the Council and directs the Council to adhere to financial regulations.

Payment Vouchers not traced on record for audit-K132,175,440

99. The Acting Town Clerk, in response stated that at the time of audit, payment vouchers amounting to K132,175,440 were not on record. This was due to poor filing system and lack of safe room for storage of accountable documents. The Council had now put up measures to ensure that all accountable documents were properly filed for future reference with funding received from the Ministry for the civic centre project. It was hoped that office accommodation would ultimately be expanded to provide space for storage of all accountable documents safely.

Your Committee observes that there is lack of supervision at the Council and directs the Council to adhere to Regulation 98(1) of the Local Authorities (Financial) Regulations No. 125 of 1992 and awaits for a progress report on the matter.

No details to support the utilisation of fuel for grading of township roads: K76,603,500

100. The Acting Town Clerk reported to your Committee that the Council did not maintain fuel disposal records for the township roads. This was due to an oversight by the officer then. However, the fuel was used for the intended purpose. The Council would ensure that they maintain fuel disposal records in all future projects for transparency and accountability at every stage of the project.

Your Committee observes that there is lack of supervision at the Council and directs the Council to adhere to financial regulations.

ZAMBEZI DISTRICT COUNCIL

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

Incurring over expenditure without Supplementary Budget Estimates: K333,643,951

101. The Acting Council Secretary responded that during the year 2009, the Minister of Local Government and Housing had approved the Council budget estimates in the sum of K1,814,782,850. Under national support in 2009, the Council had indicated K300,000,000 as national support from the Central Government through the Ministry of Local Government and Housing. Under national support, the Council had received more in terms of grants which led the Council to spend more on salaries, maintenance of land and buildings, repair of vehicles and township roads.

In 2009, the Council managed to pay all the salaries including the arrears which the Council had accrued in 2008. The total grant, which the Council received in 2009, was K739,258,259.28 as national support from Government, plus the locally generated income from markets enabled the Council to pay salaries for the workers from January to December, 2009, including arrears which were not paid in 2008. Therefore, since the expenditure, which was incurred in 2009, was queried, the Council had made an application to the Ministry of Local Government and Housing to consider approving the supplementary budget estimates in order to rest the query.

Your Committee notes the response and awaits a progress report with regard to application made to the Ministry on supplementary estimates.

CHINGOLA MUNICIPAL COUNCIL

STATUTORY AUDIT REPORT FOR THE PERIOD 1 JANUARY TO 31 MAY, 2010

Expenditure incurred on the maintenance of Mwaiseni Road roundabout: K150,000,000

102. Your Committee was informed that the alleged expenditure of K150,000,000 of the maintenance of Mwaiseni Road roundabout was incorrect as the Council spent K35,640,911.55 for the works that were carried out by Matty Investments Limited, who were engaged to carry out the work, leaving balance of the retention sum of 5% that was K1,875,844.45 yet to be paid. The total contract price, therefore, was K37,516,756.

Furthermore, the Town Clerk stated that the Council identified a structural failure on the road which developed into a very huge pothole at Mwaiseni Road roundabout, which was hazard to all road users, and it required urgent attention as it could have caused severe damages or deaths to road users. The Council attended to the matter by outsourcing a professional construction firm by way of calling for submission of tender bids from potential contractors.

Following the prescribed tender procedures and in accordance with the tender provisions, the Principal Officer could authorise expenditure of up to K50,000,000 and this was observed accordingly.

All bidders were responsive on the preliminaries and technical examinations. Matty Investment Limited was the lowest cost bidder and was awarded a contract to repair the porthole at Mwaiseni Road round-about at a total sum of K37,516,756.

This expenditure according to the Budget for the year 2010 was budgeted for, under Road Maintenance. The total estimate on road maintenance for the year 2009, was K3,509,573,400 while K4,706,780,000 was for the year 2010.

In noting the response, your Committee observes that the amount spent on the repair of the porthole seems to fall far short of the standard requirement and resolves to await a progress report on the quality control measures undertaken by the Council.

PART II

LOCAL TOUR OF LUAPULA PROVINCE

103. Your Committee was privileged to tour six district councils in Luapula Province, namely; Milenge, Samfya, Mwense, Kawambwa, Nchelenge and Chienge. The purpose of the tour was for your Committee to familiarise itself on the operations of councils such as source and revenue base, workforce and wage bill, statutory debts, management of markets and bus stations and valuation of properties. Your Committee's findings are summarised hereunder.

Findings

Revenue Base: According to the 2011 Revenue and Capital Estimates, all the six councils had projected to raise revenue from local taxes, fees/ charges and other receipts and Government (GRZ) grants as well as from Co-operating Partners. However, all the Councils depended largely on Government grants including CDF as their revenue base was small.

Current Workforce: All the six councils currently employed less workforce compared to their respective establishments.

Salary arrears: With the exception of Mwense District Council, the other councils visited owed their employees salary arrears ranging from K45 million to K720.5 million for a period of one to thirteen months.

Statutory Debts: The councils in question owed millions of Kwacha to different institutions such as Local Authority Superannuation Fund, National Pension Scheme Authority, Zambia Revenue Authority, Workers Compensation, Zambia United Local Authority Workers Union and Local Government Association of Zambia.

Management of Markets and Bus Stations: All the councils were running bus stations except for Milenge District Council that had no bus station. With regards the management of markets, Chienge, Kawambwa and Nchelenge District Councils had reports of interference from Zambia National Marketeers Association (Zanama) contrary to the *Markets and Bus Stations Act No.7 of 2007*, which mandated the running of Markets and Bus Stations in the Councils through Boards.

Valuation of Properties: Apart from Chienge and Milenge District Councils that were established in 1997 and had no Valuation Rolls in place because of inadequate developed infrastructure or properties, the other councils had commenced the process of updating their Valuation Rolls with the help of grants from the Ministry of Local Government and Housing.

COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

1. Your Committee observes that local revenue for all the six district councils visited was low due to heavy dependence on fish levy, which had declined overtime due to depletion of fish in the water bodies. Your Committee, therefore, urges the concerned councils to venture into other money making business for them to increase their revenue base. This will enable councils to meet their statutory obligations and salaries from the locally generated revenue.
2. Your Committee observes that all the six councils have employed few staff compared to their establishments. However, your Committee is happy to note that the Local Government Service Commission is now operational and it is hoped that it will address issues of manpower in the six councils in Luapula Province.

3. Your Committee observes that three councils; namely, Chienge, Kawambwa and Nchelenge District Councils have reports of interference on the management of markets from Zambia National Marketeers Association (Zanama) contrary to the *Markets and Bus Stations Act No.7 of 2007*, which mandates the running of markets and bus stations in the Councils through Boards. Your Committee directs the three councils to ensure that they adhere to the *Markets and Bus Stations Act No.7 of 2007* in the management of markets.
4. Your Committee is happy to report that apart from Chienge and Milenge District Councils that were established in 1997 and have no valuation roll in place because of inadequate infrastructure and properties, the other councils have commenced the process of updating their Valuation Rolls with the help of grants from the Ministry of Local Government and Housing. However, your Committee urges the Government to ensure that adequate infrastructure such as roads, police stations, high schools, hospitals and other public properties are developed in the new Districts of Chienge and Milenge.
5. Your Committee observes that all the district councils visited have no fire tenders. Your Committee, therefore, urges the Ministry of Local Government and Housing to ensure that councils are equipped with fire tenders countrywide.
6. Your Committee observes that the vehicles for the “Keep Zambia Clean” campaign in the district councils visited were malfunctioning. Your Committee, therefore, directs the concerned councils to ensure that the “Keep Zambia Clean” campaign vehicles are operational for the benefit of the communities.

PART III

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

104. THE HOUSING SITUATION IN ZAMBIA

a) ***Lack of implementation strategy***

In the Action-Taken Report, the Ministry stated that it had embarked on the review of the National Housing Policy and thereafter a comprehensive housing implementation strategy would also be developed to include all stakeholders in the Housing Sector and their targets.

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

b) ***Land Policy Issues***

In the Action-Taken Report, the Ministry explained to your Committee that it had engaged stakeholders, the Ministry of Lands and the Local Authorities in dealing with re-entry and repossession of idle land and that your Committee would be informed of the progress in due course.

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

e) ***Construction Sector Issues***

It was reported in the Action-Taken Report that the Ministry had taken note of the concerns on the high cost of construction. Further, the Ministry would engage key stakeholders in addressing this matter.

In noting the response in the Action-Taken Report, your Committee resolves to await 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

CHILILABOMBWE MUNICIPAL COUNCIL

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

Outstanding Debtors: K545,820,174.16

105. In the Action-Taken Report, the Ministry reported to your Committee that the Council had recovered a sum of K509,547,118,174.18 from the K545,820,174.16 leaving a balance of K36,272,056 and that your Committee would be informed when the balance of K36,272,056 owed by debtors to the Council would be recovered in full.

Your Committee notes the response and awaits a progress report on the recovery of the balance K36, 272,056.

Outstanding Creditors: K4,630,824,885.19

106. The Ministry explained in the Action-Taken Report that the Council had so far paid K365,451,697.71 against the huge debt of K4,630,824,885.19 owed to creditors as at 31 December, 2008 and that your Committee would be informed when the balance of K4,265,373,187.48 would be paid by the Council to the remaining creditors.

Your Committee notes the response and awaits an update on the matter.

Lack of Share Certificates for Shares Held in Mulonga Water and Sewerage Company and Copperbelt Solid Waste Management Company

107. The Ministry reported in the Action-Action Report to your Committee that the Council had obtained a Share Certificate for Copperbelt Solid Waste Management Company. The Share Certificate for Mulonga Water and Sewerage Company had an error in that it was written in an individual's name of the former Town Clerk and not in the name of Chililabombwe Municipal Council. Your Committee would be informed when the corrected Share Certificate in the name of Chililabombwe Municipal Council was issued by Mulonga Water and Sewerage Company.

In noting the response, your Committee resolves to wait for an update on the matter.

CHINGOLA MUNICIPAL COUNCIL

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

Outstanding Debtors: K5, 194,098,469.05

108. In the Action-Taken Report, the Ministry stated that the Council had made a lot of efforts through the television, radio, public address system and notices to debtors. The Council had also resolved to engage a professional debt collector. However, your Committee would be informed when the sum of K5,194,098,469.05 owed by various debtors to the Council would be paid.

Your Committee resolves to wait for a progress report on the debt.

Outstanding Creditors: K9,934,131,337.54

109. The Ministry stated in the Action-Taken Report that the Council had entered into agreements with the old creditors. New creditors had also come on board and the position of unpaid creditors as at 30 July, 2010, was K15,299,825,000. Your Committee would be informed when the Council would pay the sum of K9,934,131,337.54 which was outstanding as at 31 December, 2008, to various creditors.

Your Committee directs the Council to ensure that it dismantles the old debt and awaits an update on the matter.

KALULUSHI MUNICIPAL COUNCIL

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

Fixed Assets (Buildings) not insured

110. It was reported in the Action-Taken Report by the Ministry that the Council had managed to insure two properties and would continue to insure the remaining properties subject to availability of funds.

Your Committee urges the Council to take the issue of insuring its properties seriously and await an update on the matter.

Unreturned Receipt Books

111. The Ministry informed your Committee in the Action-Taken Report that the Council had traced two receipt books while the other two were still missing and that your Committee would be informed of the progress in due course.

Your Committee notes the response and urges the Town Clerk to ensure that the remaining two receipt books are traced without fail and provide a progress report.

Non-remittance of Withholding Tax to the Zambia Revenue Authority (ZRA): K14,550,000

112. In the Action-Taken report, the Ministry informed your Committee that the Council had not yet remitted the unremitted Withholding Tax of K14,550,000 to ZRA and that your Committee would be informed when the Council remits the Withholding Tax of K14,550,000.00.

Your Committee notes the response with dismay that the Council has not yet remitted the Withholding Tax of K14,550,000 to ZRA. Your Committee, therefore, directs the Council to remit the Withholding Tax of K14,550,000 to ZRA by 31 December, 2011, and provide a progress report.

LUANSHYA MUNICIPAL COUNCIL

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

Outstanding Creditors: K54, 170,441

113. In the Action-Taken Report, the Ministry stated that the Council had paid a total sum of K31,314,525 to its creditors leaving a balance of K6,843,916. The unpaid credit comprises mainly of Companies which had been closed and your Committee would be informed of the progress in the payment of K6, 843,916.00 in due course.

Your Committee notes with happiness that the Council has made progress in paying its debt by remaining with a debt of K6,843,916 and await a progress report on the payment of the remaining debt.

Lack of Share Certificates for Shares held in Kafubu Water and Sewerage Company

114. It was reported in the Action-Taken Report by the Ministry that the Council had not yet obtained a Share Certificate from Kafubu Water and Sewerage Company. Your Committee would be informed when the Council would obtain Share Certificate from Kafubu Water and Sewerage Company.

Your Committee directs the Council to ensure that a Share Certificate is obtained and provide a progress report.

Outstanding amounts on Legal Cases: K39,932,460

115. In the Action-Taken Report, the Ministry reported that the Council had not yet paid K12,412,500 as balance from the initial amount of K39,932,460. Your Committee would be informed when the remaining amount of K12,412,500 would be paid in Legal Fees.

Your Committee notes the response and resolves to wait for a progress report on the matter.

NDOLA CITY COUNCIL

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

Outstanding Debtors: K31,129,591,218

116. The Ministry stated in the Action-Taken Report that the Council had requested for a debt swap for debtors in respect of rates on Government Properties.

Your Committee notes the response and resolve to await action from the Ministry on the Council's request for debt swap.

MPONGWE DISTRICT COUNCIL

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

Unretired Imprest: K36,343,905

117. In the Action-Taken Report, the Ministry reported to your Committee that the Council had recovered imprest from the affected employees amounting to K32,232,050 out of the outstanding balance K36,343,905 leaving a balance of K4,111,855. Your Committee would be informed when the remaining balance of K4, 111,855.00 would be recovered in full.

In noting the response, your Committee directs the Council to ensure that all the unretired imprest is recovered from the affected employees by 31 December, 2011, and await a progress report on the matter.

Fixed Assets and Motor Vehicles not insured

118. In the Action-Taken Report, the Ministry informed your Committee that the Council had prepared a list of all the assets that needed to be insured and the Council was in the process of writing to insurance firms to select the firm with which to insure the assets. Your Committee would be informed of the progress in due course.

Your Committee resolves to await 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 1 JANUARY TO 31 DECEMBER 2008

Non-preparation of Complete Annual Financial Statements

119. The Ministry reported in the Action-Taken Report that the Council had procured an accounting package that was able to produce all the Financial Statements. Your Committee would be informed of the progress following the preparation of the 2008 Financial Statements in due course.

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

Fixed Assets and Motor Vehicles not Insured

120. In the Action-Taken Report, the Ministry reported that the fixed assets and motor vehicles were still not yet insured. Your Committee would be informed when the Council would insure its motor vehicles and fixed assets in due course.

Your Committee awaits a progress report on the matter.

KAFUE DISTRICT COUNCIL

STATUTORY AUDIT REPORT FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2008

Over expenditure on votes: K810,898,000

121. It was stated in the Action-Taken Report by the Ministry that the Council had since prepared the Supplementary Estimates for approval by the Minister. Your Committee would be informed of the progress in due course.

Your Committee resolves to await 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 1 JANUARY TO 31 DECEMBER 2007

Certification of title

122. In the Action-Taken Report, the Ministry reported that the Council referred the matter of acquiring Certificates of Title for the Civic Centre, old Council Guest-House, Council Motel, quarry site, Danida Complex and Council Welfare Hall to the full Council for a decision. Following a Council decision, an application was made in early 2008, to the Commissioner of Lands for issuance of Title Deeds for the properties in question. Your Committee would be informed about the progress on this matter in due course.

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

KABWE MUNICIPAL COUNCIL

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

Over expenditure not supported by Supplementary Budget: K1,235,414,374.92

123. In the Action-Taken Report, the Ministry reported that the Council had approved the Supplementary Budget for further approval by the Minister. Your Committee would be informed of the progress in due course.

Your Committee awaits a progress report on the matter.

LIVINGSTONE CITY COUNCIL

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

Non-revaluation of Assets

124. The Ministry stated in the Action-Taken Report that the Council had since applied to the Minister of Local Government on the appointment of a Government Valuer. Your Committee would be informed accordingly in due course.

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

Non-formulation of Fleet Management Policy

125. In the Action-Taken Report, the Ministry informed your Committee that the Council had not yet adopted the formulated Fleet Management Policy.

Your Committee urges the Council to adopt the Fleet Management Policy and provide a progress report on the matter.

MONZE DISTRICT COUNCIL

STATUTORY AUDIT REPORT FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2008

Over-expenditure on Votes: K344,455,174

126. In the Action-Taken Report, the Ministry informed your Committee that the Council had since applied to the Minister for approval of Supplementary Estimates.

Your Committee awaits an update on the matter.

Accounting Controls and Records

127. The Ministry stated in the Action-Taken Report that the Council had commenced computerisation of accounting records. Further, the Council had been engaged by the Ministry to undergo in-house training for its accounting cadres in order to improve recording of transactions.

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

LUWINGU DISTRICT COUNCIL

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

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

128. The Ministry reported in the Action-Taken Report that the Council was still waiting for the conclusion of the matter as it was reported to the Law Enforcement Agency.

Your Committee resolves to await the outcome of the investigation and a progress report on the matter.

Illegal Payment on costs for Transport and Training of Workshop Repairs: K5,950,000 — Lubansenshi Constituency

129. In the Action-Taken Report, the Ministry informed your Committee that the matter still remained unresolved until the Law Enforcement Agency completed the investigations.

Your Committee resolves to await the outcome of the investigation and a progress report on the matter.

KAPUTA DISTRICT COUNCIL

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

Expenditure on Stalled Market Project at Nsumbu: K43,761,012

130. In the Action-Taken Report, the Ministry informed your Committee that the Council had not resolved the matter as the matter was still before the Courts of Law. Your Committee would be informed of the progress in due course.

Your Committee resolves to await the outcome of the court process.

MPOROKOSO DISTRICT COUNCIL

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

Refund of K8,000,000 without Supporting Documents

131. In the Action-Taken Report, the Ministry informed your Committee that the matter was still being investigated and your Committee will be notified in due course.

Your Committee resolves to await the outcome of the investigation and a progress report on the matter.

KAWAMBWA DISTRICT COUNCIL

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

Procurement of Goods and Services

132. In the Action-Taken Report, the Ministry reported that the Council had not fully implemented the Register of Suppliers.

In noting the response, your Committee directs the Council to fully implement the Register of Suppliers and provide a progress report on the matter.

Non-preparation of Financial Statements

133. The Ministry reported in the Action-Taken report that the Council had not prepared the Annual Financial Statement for the financial year ending 2008.

Your Committee awaits a progress report on the matter.

Non-Existence of Stores and Procurement Departments

134. The Ministry reported in the Action-Taken Report that the Council had not yet filled the positions as the Council awaits the Local Government Service Commission (LGSC) to commence operations.

Your Committee awaits a progress report on the recruitment of procurement and stores officers.

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

Internal Control System

135. The Ministry reported in the Action-Taken Report that the Council could not employ an Internal Auditor because the function of employment was transferred from the Councils to the Local Government Service Commission (LGS) following the enactment of the *Local Government (Amendment) Act No. 6 of 2010*, which was assented into Law on 12 April, 2010. However, the Council had assigned an officer from Accounts Department to the Internal Audit Section to enhance the observance of the internal control systems.

Your Committee awaits an update on the matter.

Non-preparation of Financial Accounts

136. In the Action-Taken Report, the Ministry reported that the Council had only been able to prepare consolidated Receipt and Payment Accounts and the Income and Expenditure Accounts for the financial year ended 31 December, 2008.

However, the Council could not prepare a Balance Sheet as at 31 December, 2008, because its fixed and movable assets which were Balance Sheet items had not been valued as the Council had no Valuation Roll. Therefore, the Ministry had advised the Council to request for a Valuation Surveyor to place values on assets for purposes of preparing a Balance sheet.

Your Committee awaits a progress report on this matter.

CHIENGE DISTRICT COUNCIL

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

Lack of Supporting Documentation for Fixed Assets

137. In the Action-Taken Report, the Ministry reported that the Council obtained white books for the two motor vehicles donated by the Government while all processes to obtain Title Deeds for the properties not on title was commenced. The white books had been verified while your Committee would be informed when the Title Deeds were obtained for properties.

Your Committee resolves to await a progress report on the acquisition of Title Deeds.

Non Preparation of Financial Statements

138. In the Action-Taken Report, the Ministry reported that the Council had not yet made any progress in the preparation of financial statements to comply with Section 43(3) of the Laws of Zambia.

Your Committee directs the Council to adhere to Section 43(3) of the Local Government Act by preparing the 2008 Financial Statements and 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 1 JANUARY TO 31 DECEMBER 2008

Certificate of Title

139. In the Action-Taken Report, the Ministry reported to your Committee that the Council would provide a provision in the 2011 Budget to engage a Land Surveyor to survey and give numbers to the plots on which the properties in question were built for purposes of issuance of Certificates of Title Deeds by the Commissioner of Lands.

The Council had also indicated that it would follow-up with the Danish Embassy to facilitate the acquisition of a Certificate of Title for the Mumbwa District Council Annex.

Your Committee directs the Council to ensure that all its properties are on title and wait for an update on the matter.

CHAVUMA DISTRICT COUNCIL

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

Non-existence of Internal Audit

140. In the Action-Taken Report, the Ministry informed your Committee that the Council had since applied for authority to have an officer seconded as an internal auditor to facilitate the establishment of Internal Audit Unit. However, the matter was still receiving attention by the Ministry.

Your Committee resolves to wait for a progress report on the matter.

MILENGE DISTRICT COUNCIL

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

Understaffing in the Accounts Unit

141. The Ministry informed your Committee in the Action-Taken Report that the Council was awaiting the establishment of the Local Government Service Commission (LGSC) for the recruitment of qualified staff.

In noting the response, your Committee resolves to wait for a progress report on the matter.

KAZUNGULA DISTRICT COUNCIL

STATUTORY AUDIT REPORT FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2008

Outstanding Debtors: K126,599,200

142. In the Action-Taken Report, the Ministry informed your Committee that the Council had since developed a Debt Management Policy to ensure that all the outstanding debts were recovered at due dates.

Your Committee resolves to be updated on the matter.

Outstanding Creditors/Accruals: K488,988,890

143. The Ministry reported to your Committee that the Council had developed a payment plan to facilitate settlement of all outstanding debts. Your Committee would be informed on the Payment Schedule in due course.

Your Committee resolves to be updated on the matter.

Over expenditure Votes: K27,144,651

144. In the Action-Taken Report, the Ministry stated that the Council had since adopted the Supplementary Estimates under Minute No EFGPC/33/03/10 dated 26 March, 2010. The Supplementary Estimates with the Council Minutes were presented and verified by the Ministry.

Your Committee resolves to have 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 1 JANUARY TO 31 DECEMBER 2007

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

145. In the Action-Taken Report, the Ministry informed your Committee that the Council had not yet acquired the title deeds for the Civic Centre and Rest House.

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

CHILUBI DISTRICT COUNCIL

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

Council Properties without Title

146. In the Action-Taken Report, the Ministry reported that the Council had not yet acquired the title deeds.

Your Committee awaits a progress report on the matter.

MATTERS ARISING FROM 2010 LOCAL TOURS

CHIBOMBO DISTRICT COUNCIL

Huge Statutory Debt-K201,938,974

147. The Ministry reported that the Council's unremitted employees' pension contributions to the Local Authorities Superannuation Fund (LASF) amounting to K201,938,974 as at the time of the tour of the Council by your Committee was reduced by the Government relief of K154,710,250.05 apportioned to Chibombo District Council from the Ministry of Local Government and Housing's financial support of K8.7 Billion paid to the Fund in 2009. As at the time of audit verification on 17 August, 2010, the Council owed LASF a sum of K46,894,128.52 in respect of the unremitted employees' contributions.

Your Committee resolves to await a progress report on the dismantling plan of LASF debt.

Housing Project-K713,900,906.25

148. In the Action-Taken Report, the Ministry reported to your Committee that Chibombo District Council received a total sum of K713,900,906.25 in 2009 from the Ministry for the construction of seven low-cost houses for staff. However, the Council indicated to the Auditor during verification that in the second phase of the project, the Ministry would support construction of three low-cost houses bringing the total to ten of housing units.

All the seven houses had been roofed, but only six had been plastered both inside and outside, plumbing works had been done, water connected and wiring for power had been done, but only awaiting ZESCO Limited to connect the houses with power whose application was approved.

The seventh house had just been roofed. The other works were yet to be done.

As regards the three houses in phase two, the Council had written to the Ministry of Local Government and Housing for funding.

Your Committee notes the response and awaits an update on the matter.

Guest House

149. In the Action-Taken Report, the Ministry reported to your Committee that the Council carried out minor renovations to the Guest House which involved replacing glass panes, fixing of floor tiles in some selected rooms, repairing toilet cisterns and replacing mortise locks to some doors as well as unblocking the sewer system. The Council spent a total amount of K11,557,400. The Council had plans to modernise its guest houses at Chibombo and Chisamba as directed by your Committee.

Your Committee awaits a progress on the modernisation of the two guest houses at Chibombo and Chisamba.

KABWE MUNICIPAL COUNCIL

Huge Statutory Debt-K3,333,834,282.74

150. In the Action-Taken Report, the Ministry reported that the Council was making efforts to reduce the debt although due to financial constraints, the Council could not manage to liquidate the debt from the local resources available. The Ministry further informed your Committee that the Council in September, 2010, paid a total of K100 Million to NAPSA by way of debt swap. Further, the Council appreciated your Committee's assistance by urging the Government to assist it liquidate the debt.

Your Committee resolves to be updated on the matter.

Poor and inadequate market facilities

151. In the Action-Taken Report, the Ministry stated that it had plans to facilitate construction of modern markets in every district, Kabwe included subject to availability of funding from both the Government and Co-operating Partners.

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

MPONGWE DISTRICT COUNCIL

Ownership of Houses

152. In the Action-Taken Report, the Ministry stated that the Government through the Ministry of Local Government and Housing had embarked on a programme of housing development in various districts in the country. However, the success of the project was dependant on the availability of funds from the National Treasury in order to scale up the programme.

The Ministry also reported that the National Housing Authority (NHA) had a plan to build houses in various districts.

The Government was further looking into other funding modalities such as the Public Private Partnerships (PPPs) in the construction of decent and affordable housing.

Furthermore, the Ministry stated that four low-cost houses were built by the Council with the financial support from the Permanent Secretary's Office, Copperbelt Province. The Provincial Administration released a sum of K300 million in the last quarter of 2009, to the Council for the construction of houses in question. The houses were constructed on plots owned by the Council whose Certificates of Title Deeds were issued by the Commissioner of Lands in the name of Mpongwe District Council. However, according to the Council Secretary, the District Commissioner, was claiming that the houses in question belong to the Government because they were built from funds disbursed by the Provincial Administration, Copperbelt Province. The District Commissioner had since referred the matter of ownership of the four low-cost houses in July, 2010, to the Permanent Secretary, Copperbelt Province for determination, but there was yet no response.

Currently, officers from the Zambia Police, Community Development, National Registration and Water Affairs Departments were accommodated in the houses and were not paying rentals to the Council because of the same ownership wrangle. Therefore, the Ministry of Local Government and Housing had also written to the Council Secretary for information on the four houses before it could provide guidance on the ownership wrangle. Your Committee would be informed on the outcome of the Ministry's consultations on the ownership of the houses in due course.

Your Committee resolves to await an update on the matter.

Appointment of Market Boards

153. The Ministry reported through the Action-Taken Report that names of people had been proposed for appointments awaiting the approval by the Minister of Local Government and Housing to sit on the Local Markets Board.

Your Committee awaits an updated on the matter.

Valuation Roll

154. In the Action-Taken Report, the Ministry stated that the Council had paid K35,000,000 to the Northern Region Government Valuation Department in Kitwe. The Valuation Department stated that they would undertake the exercise in September, 2010. However, the preparation of Valuation Rolls was driven by demand from Councils. Therefore, it was Mpongwe District Council to initiate the process and had started the preparation of the Valuation Roll for rating purposes.

In noting the response, your Committee awaits a progress report on the Valuation Roll.

MASAITI DISTRICT COUNCIL

Huge Statutory debt

155. In Action-Taken Report, it was reported that the Government was already supporting Masaiti District Council with restructuring grants whose purpose was to assist Councils to pay off their debts to creditors. Currently, the grant was applied towards payments of terminal benefits to retirees. In addition, the Council using its locally generated incomes had put in place measures to reduce its indebtedness which stood at K839,549,747 as at 31 March, 2010.

Your Committee resolves to await a progress report on the statutory debt.

NDOLA CITY COUNCIL

Huge Statutory Debt-K15,099,328,983

156. In the Action-Taken Report, the Ministry reported that the Government was already supporting Ndola City Council with restructuring grants whose purpose was to assist Councils to pay off their debts to creditors. Currently, the grant was applied towards payments of terminal benefits to retirees.

The Ministry had also advised the Council to come up with a payment plan which should be followed to pay both statutory and trade creditors in monthly instalments while ensuring that current obligations were honoured to avoid accumulating new debt.

In noting the response, your Committee wishes to be updated on the debt situation.

KITWE CITY COUNCIL

Huge Statutory Debt: K45,712,943,000

157. In the Action-Taken Report, it was reported that the Council was paying current obligations and arrears when funds were available. In addition, Council had entered into agreements with LASF, NAPSA, Workmen's Compensation and ZRA, so that its indebtedness was paid in systematic manner.

Your Committee resolves to be updated on the matter.

Valuation Roll

158. In the Action-Taken Report, it was reported that the new valuation roll was actually being finalised by the Government Valuation department in Kitwe, in readiness for inspection by the public, in order for them to raise objections if any. The Council assured your Committee that the Tribunal would be invited by the second week of December, 2010.

Your Committee resolves to be updated on the finalisation of the Valuation Roll.

Appointment of Market Boards

159. In the Action Taken Report, the Ministry reported to your Committee that Government had already requested all local authorities to submit lists of proposed names of Board Members for appointments by the Minister of Local Government and Housing to sit on the Market Boards (MBs).

Your Committee wishes to be updated on the appointment of Market Boards.

KALULUSHI MUNICIPAL COUNCIL

Huge Statutory Debt: K5,917,541,537

160. In the Action-Taken Report, the Ministry stated that it had assisted Kalulushi Municipal Council dismantle a statutory debt of K5,917,541,537. The Government through the Ministry of Local Government and Housing was already supporting the Council with the restructuring grants whose purpose was to assist Councils including Kalulushi Municipal Council to pay off their debts to creditors. Currently, the grant was applied towards payments of terminal benefits to retirees.

The Ministry had also advised the Council to come up with a payment plan which should be followed to pay both statutory and other creditors in monthly instalments while ensuring that current statutory obligations and other debts were honoured to avoid accumulating new debt.

Your Committee resolves to be updated on the matter of statutory debt.

MUFULIRA MUNICIPAL COUNCIL

Modern Market

161. In the Action-Taken Report, the Ministry stated that the Government through the Ministry of Local Government and Housing had plans to facilitate construction of modern markets in every district subject to availability of funding from both Government and Co-operating Partners.

Your Committee resolves to be updated on the construction of a modern market in Mufulira.

THE ACTION-TAKEN REPORT ON YOUR 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 1 JANUARY TO 31 DECEMBER, 2006

Fraudulent Disposal of Injector Pump: K19,912,385.35

162. It was reported in the Action-Taken Report that the Council could not proceed to recover the balance of K19, 912,387.35 from the culprit because the matter was reported to the police who in turn commenced criminal proceedings against the culprit and its determination was awaited.

Your Committee resolves to await a progress report on the conclusion of the court process.

Establishment and management of cemeteries

163. In Action-Taken Report, the Ministry reported that stakeholders would soon be consulted to make their comments on the issue of management of cemeteries.

Your Committee resolves to be updated on the outcome of consultations on the management of cemeteries.

THE ACTION-TAKEN REPORT ON YOUR 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 1 JANUARY TO 31 DECEMBER, 2006

Irregular Tender Procedures and Non Completion of Grader Repairs: K67,701,900

164. In the Action-Taken Report, the Ministry informed your Committee that the Council had not recovered a sum of K67,701,900.00 as the matter was still before the Court of Law. Further, the Council had also surcharged the former employee who was involved in the matter.

Your Committee resolves to await a report on the outcome of the court process.

GWEMBE DISTRICT COUNCIL

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

Non-preparation of Annual Financial Statements

165. In the Action-Taken Report, the Ministry informed your Committee that the Council had not yet prepared the Annual Financial Statements. Further, the Council had planned for on the job training in the preparation of annual accounts to be facilitated by the Ministry.

Your Committee resolved to await a report on the matter.

Un-presented Payment Vouchers: K11,185,478

166. In the Action-Report, the Ministry informed your Committee that the Council had not yet traced the supporting documents for a sum of K11,185,478.

Your Committee directs the Council to trace payment vouchers amounting to K11,185,478 and awaits a progress report on the matter.

Missing Council Benz Tipper Truck Registration No. AAG 90

167. In the Action-Taken Report, the Ministry informed your Committee that the Council had not yet resolved the issue of the missing Council Benz Tipper Truck Registration No. AAG 90 which was reported missing in Lusaka.

Your Committee resolves to wait for a progress report on the matter.

PART IV

CONCLUSION

168. Your Committee is dismayed with the increased number of audit queries in the 2011 Honourable Minister's Report from the same councils that appeared before it in 2010. Although there is a reduction in the number of councils captured, your Committee notes that in 2011, twenty-seven councils have been named in the Minister's Report for various financial irregularities compared to fifty-seven that were captured last year. Your Committee commends the Government in its efforts to address financial discipline in Councils. However, your Committee implores the Ministry of Local Government and Housing to ensure that the number of queries is further reduced.

Your Committee is indebted to all the Town Clerks, Council Secretaries, Auditor-General's Office and the Ministry of Local Government and Housing for the support rendered during the consideration of the Report of the Minister of Local Government and Housing. Your Committee further thanks the office of the Clerk of the National Assembly for the advice rendered during its programme of work.

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

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 (F C)
Mr F Nabulyato, Assistant Committee Clerk
Ms C Mtonga, Typist
Mr R Mumba, Committee Assistant
Mr C Bulaya, Committee Assistant
Mr S M Likunyendo, Parliamentary Messenger