

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009 FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY APPOINTED BY THE RESOLUTION OF THE HOUSE ON 24 SEPTEMBER, 2010

Consisting of:

Mr E M Hachipuka, MP, (Chairperson); Mr H H Hamududu, MP; Mr L M Mwenya, MP; Mr V Mwale, MP; Mr E M Munale, MP; Mr C Mulenga, MP; Mr B Y Mwila, MP; Mr P Sichamba, MP; and Mrs A C K Mwamba, MP

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,

Your Committee has the honour to present its Report on the Report of the Auditor-General on the Accounts for the financial year ended 31st December, 2009.

Functions of the Committee

2. The functions of your Committee are to examine the accounts showing the appropriation of sums granted by the National Assembly to meet the public expenditure, the Report of the Auditor-General on these accounts and such other accounts, and to exercise the powers conferred on them under Article 117(5) of the Constitution of the Republic of Zambia.

Meetings of the Committee

3. Your Committee held eighteen meetings to consider the Report of the Auditor-General on the Accounts for the financial year ended 31 December, 2009.

Procedure adopted by the Committee

4. With technical guidance from the Auditor-General and Accountant-General, your Committee considered both oral and written submissions from the Secretary to the Treasury and Controlling Officers of the ministries and institutions that were mentioned in the Audit Report for 2009.

Your Committee undertook tours to the Lusaka, Central, Copperbelt and Northwestern provinces in order to check on the action that was being taken on matters raised by the Auditor-General.

Due to time constraints, your Committee was not able to deal with outstanding matters cited in the Auditor-General's Report at Paragraph (74). Your Committee, therefore, resolves that the outstanding matters should be kept in view by the Office of the Auditor-General for consideration of the Committee in the next session. Meanwhile, the Committee of Officials on Outstanding Matters should continue to obtain feedback from the Controlling Officers in order to facilitate the resolution of the outstanding matters.

This Report contains the observations and recommendations of your Committee and in a number of cases, proposed remedial measures to correct the reported irregularities.

Preface to the Auditor-General's Report

5. The Auditor-General's Report contained seventy-five paragraphs. The paragraphs were on Ministries, Provinces and Spending Agencies (MPSAs) that were audited and remained with unresolved issues as at 31st December, 2010.

The introduction to the Report highlighted the responsibilities of the Minister of Finance and National Planning, Secretary to the Treasury and Controlling Officers as distinguished from those of the Auditor-General. It also gives the audit scope and methodology as well as the limitation of scope.

An analysis of the Appropriation Account on both revenue and expenditure for the financial year ended 31st December, 2009, had been included in the Report. This analysis had highlighted a revenue surplus of K618,894,384,899, unreconciled balance of K2,707,262,636,856 and excess expenditure of K87,272,446,830.

The issues raised in the Report were, among others, absence of expenditure returns, failure to follow the set guidelines and misapplication of funds on Poverty Reduction Programmes (PRPs), Community Self-Help, Food Security Pack, Street Children, School Health and Nutrition, bursaries to Orphans and Vulnerable Children programmes.

Audits on Information Technology (IT) systems that the Government had implemented in order to improve on the efficiency and effectiveness on service delivery were also included. These were the Payroll Management Establishment and Control (PMEC), the Integrated Financial Management Information Systems (IFMIS) and the Personalised Passport Systems (PPS) under Passport Office. Some of the issues on these systems were the non-involvement of the Attorney General in the engagement contracts for the supply of the systems, lack of Business and Continuity Plans and Disaster Recovery Plans, lack of proper procedures on change management, inadequate controls, non segregation of duties in the use of the systems and the lack of security.

Other irregularities that had been revealed in most of the paragraphs are as shown in the table below:

Summary of Findings	Amount K
Misappropriation of Revenue	3,918,288,485
Unaccounted for Revenue	1,388,790,328
Under Banked Revenue	438,773,166
Delayed Banking	9,126,634,591
Unaccounted for Funds	1,126,821,656
Misapplication of funds	95,238,162,121
Unretired imprests	25,789,847,602
Unvouched Expenditure	89,325,590,024
Unaccounted for Stores	32,676,447,022
Irregular payments	3,908,756,274
Non recoveries of Salary advances and loans	14,777,712,130
Failure to Follow Tender procedures	1,189,103,954
Undelivered Materials	345,542,984
Non Submission of Expenditure returns	11,938,931,973
Unauthorised Expenditure	13,684,411,726
Wasteful expenditure	10,042,083,206
Non remittance of tax/contributions	3,129,301,519
Overpayments	125,228,272
Total	318,170,427,033

These irregularities were mostly due to the failure to adhere to regulations. Included in the report also was the issue of poor contract management and the poor state of properties in Missions Abroad.

The observations on the collections of revenue by the Zambia Revenue Authority (ZRA) were that an overall surplus of K83,818 billion was recorded. However, there was a net deficit of K344.9 billion in respect of specific tax types. The tax arrears stood at K7,962 billion as of December, 2009 compared to K4,179 in December, 2008, representing a 90% increase. Other irregularities in the collection of revenue by all revenue collection institutions were unaccounted for revenues, misappropriations and delays in banking.

At the end of the report was an appendix of recommendations of the Public Accounts Committee which are still outstanding.

It was reported that interactions with Controlling Officers during the audit process had facilitated corrective action on a number of issues. Therefore, the issues contained in the Report were only those that could not be resolved as at 31st December, 2010.

AUDITOR-GENERAL'S COMMENTS

Paragraphs 1 - 6

6. This report on the audit of the accounts of the Government of the Republic of Zambia for the financial year ended 31st December, 2009, was submitted to the President for tabling in the National Assembly in accordance with the provisions of Article 121 (4) of the Constitution of Zambia.

Statement of Responsibility

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

Audit Scope and Methodology

The Auditor-General's Report was a result of reviews, programmes of test checks, inspections and examination of accounting, stores and other records maintained by public officers and others entrusted with the handling of public resources. The audit programmes were designed to give reasonable assurance of the financial management to the Government and to enable the expression of an opinion on the financial statements for the year. They were also intended to provide information that would assist Parliament in its oversight responsibilities over the application of resources and execution of programmes by the Executive. The programmes were designed to highlight areas of weakness to facilitate formulation of recommendations by Parliament for remedial action by the Executive. In the course of preparing the report, each Controlling Officer was sent appropriate draft paragraphs for comments and confirmation of the correctness of the facts presented. Where comments varied with the facts presented, and were proved to be valid, the affected draft paragraphs were amended accordingly.

Limitation of Scope

The audits were planned so as to obtain all the information and explanations, which were considered necessary in order to provide sufficient evidence to give reasonable assurance that the financial statements were free from material misstatements, whether caused by fraud, error or other irregularities.

However, the execution of audit programmes was limited by factors outside the control of the Auditor-General. In a number of instances, evidence available was limited due to failure by Controlling Officers to give satisfactory responses to audit observations. In certain instances, no responses at all were provided. In these instances, the Auditor-General strove to assure herself that

the information so provided gave some level of assurance on the completeness of the financial statements.

Outturn and Appropriation Accounts

According to the provisions of Article 118 (2) of the Constitution, the Financial Report should include, inter alia a balance sheet showing the financial position of the Government as at the end of each financial year appropriation account and statement of revenue and expenditure by Government during the year.

During the year 2009, there was a change in the accounting policy in that the 2009 Financial Statements were prepared in accordance with the International Public Sector Accounting Standards (IPSAS).

An analysis of the outturn for the year reflected in statement "A" of the Financial Report for the year ended 31st December, 2009, is presented below.

Expenditure as reflected in Statement A 1.2	K	K
Original	15,279,037,268,317	
Supplementary	<u>955,752,641,406</u>	
Total Authorised		16,234,789,909,723
Actual Expenditure		<u>13,872,822,378,084</u>
Net Under Expenditure		<u>2,361,967,531,639</u>
The net under Expenditure of K2,361,967,531,639 is explained as follows:		
Savings	2,449,239,978,470	
Less excess expenditure	87,272,446,830	
		<u>2,361,967,531,640</u>
Revenue as Reflected in Statement A1.1		
Actual Revenue	15,732,841,928,242	
Revenue Estimates	<u>15,113,947,543,343</u>	
Surplus in revenue collections	<u>618,894,384,899</u>	
Actual Revenue	15,732,841,928,242	
Actual Expenditure	<u>13,872,822,378,084</u>	
Net Surplus		1,860,019,550,158
Increase/(Decrease) in Assets		
Increase in Cash	1,352,985,458,190	
Increase in Advances	1,931,737,121	
Increase in Imprest	23,718,159,451	
Increase in Loan Revolving Fund	30,974,208,569	
Decrease in Long Term Lending	(830,540,011,811)	
Increase in Deposits	24,922,582,255	
		603,992,133,775
Liabilities		
Increase in Deposits	(72,654,724,284)	
Decrease in Long Term Borrowing	830,540,011,811	
Increase in Government Securities	(1,676,280,000,000)	
Increase in External Borrowing	(532,840,508,000)	
		(1,451,235,220,473)
Unreconciled balance		2,707,262,636,856
Net Surplus		1,860,019,550,158

(a) **Analysis of Revenue Collection**

An analysis of Statement A1 of the Financial Report for the year under review revealed that there was a net surplus in the revenue collected against the estimated amount by K618,894,384,899 as shown in the table below.

Revenue Type	Total Authorised Provision K	Actual Revenue K	Surplus/Deficit K
Income Tax (other than Mineral Tax)	4,832,980,000,000	5,073,325,538,098	240,345,538,098
Customs and Excise	2,010,205,601,250	1,873,299,668,664	(136,905,932,586)
Value Added Tax	2,502,811,000,000	2,492,584,650,332	(10,226,349,668)
Fines	943,553,438	17,296,004,775	16,352,451,337
Licences	169,549,924,003	190,254,037,901	20,704,113,898
Fees of Court or Office	167,281,003,243	175,084,225,609	7,803,222,366
Interest	64,459,874	9,437,298,691	9,372,838,817
Other Revenue	52,410,663,318	46,067,016,467	(6,343,646,851)
Bilateral Grants	-	778,360,000,000	778,360,000,000
Multilateral Grants	1,510,488,961,214	1,566,560,000,000	56,071,038,786
General Budget support	851,141,070,000	793,280,000,000	(57,861,070,000)
Sector Budget support	429,025,552,971	169,880,000,000	(259,145,552,971)
Bilateral external borrowing	700,000,000	82,281,628,000	81,581,628,000
Multilateral External Borrowing	503,288,737,180	450,558,880,000	(52,729,857,180)
Domestic Borrowing	1,798,438,456,070	1,676,280,000,000	(122,158,456,070)
Exceptional Revenue	284,618,560,782	338,292,979,705	53,674,418,923
Total	15,113,947,543,343	15,732,841,928,242	618,894,384,899

The net surplus of K618, 894,384,899 was attributed to income tax collection above target due to collection of arrears from companies and bilateral grants that had no estimated provision.

(b) Excess Expenditure

A review of Statement “C” of the Financial Report for the year ended 31st December, 2009, revealed that there was excess expenditure of K87,272,446,830 from three Heads of expenditure contrary to the *Appropriation Act* of 2009, as shown in the table below.

HEAD	MPSA	TOTAL AUTHORISED PROVISION K	ACTUAL EXPENDITURE K	EXCESS K
05	Electoral Commission	48,017,885,213	60,136,721,169	12,118,835,956
37	Ministry of Finance and National Planning	1,337,595,937,432	1,402,474,143,421	64,878,205,989
99	Constitutional and Statutory Expenditure	1,254,588,337,434	1,264,863,742,319	10,275,404,885
	TOTAL	2,640,202,160,079	2,727,474,606,909	87,272,446,830

The excess expenditure of K87, 272,446,830 was unconstitutional and would require approval from Parliament as provided for under Article 117 (5) of the Constitution.

(c) Unreconciled Balance

There was an unreconciled balance of K2, 737,684,600,426 in the Financial Report for which no explanation was given. However, an analysis of the outturn revealed a reduced unreconciled balance of K2, 707,262,636,856.

(d) Unretired Imprest

Although there was unretired imprest of K23, 043,693,444 in the Financial Report as at 31st December, 2009, the balance carried forward as at 31st December, 2008 amounting to K445, 240,734,515 was not included in 2009 in accordance with the requirement of the International Public Sector Accounting Standards (IPSAS) – cash basis. It was not explained how the balance of K445, 240,734,515 was treated.

(e) Net Surplus

According to the Financial Report of 2009, the surplus amount of K1,860,019,550,150 in the Audited Statement of Comparison of the budget and actual (Statement A) differed by K30,421,963,570 from the surplus amount of K1,890,441,513,728 in the Statement of Financial Position (Statement D). This was because corrections were made to expenditure after Statement A was submitted to the Auditor-General. However, the corrections made were not availed for audit scrutiny.

Response of the Secretary to the Treasury

7. In response, the Secretary to the Treasury submitted as set out below.

Introduction and Statement of Responsibility (Paragraph 1-2)

The Ministry of Finance and National Planning did table the Annual Financial Report before the National Assembly in accordance with the Provisions of Article 118(1) of the Constitution of Zambia.

Audit Scope and Methodology (Paragraph 3)

The scope and methodology used by the Auditor-General were appreciated and the interaction with the various Controlling Officers was encouraging as it provides checks and balances in the management of public resources.

Limitation of Scope (Paragraph 4)

The Secretary to the Treasury assured your Committee that he would continue engaging the Controlling Officers during the quarterly workshops and other fora regarding the need to co-operate and appreciate the role of the Auditor-General in their execution of duties, as custodian of public resources.

Your Committee notes the submissions and closes the matters at paragraphs 1 - 4.

Out-Turn and Appropriation Accounts (Paragraph 5)

The Secretary to the Treasury submitted that the analysis of the outturn for the year under review provided by the Auditor-General was correct as was the fact that the Financial Statements were prepared in accordance with the International Public Sector Accounting Standards (IPSAs). He further explained as set out hereunder.

a) *Analysis of Revenue Collection*

The net surplus of K618,894,384,899 of revenue collections was as a result of the difference between the total budget provision in the 2009 budgeted amount of K15,113,947,543,343 and the actual collections of K15,732,841,928,242.

It was, therefore, correctly observed that the net surplus of K618,894,384,899 was mainly attributed to collections above the target of income tax due to the collection of outstanding arrears from companies, thereby increasing the actual collections to K5,073,325,538,098 against the total authorised provision of K4,832,980,000,000, which increased the collections by K240,345,538,098.

In addition, the collection of K778, 360,000,000 under bilateral grants which had no budget line also contributed to the net surplus.

Your Committee notes the submission and closes the matter.

b) *Excess Expenditure K87,272,446,830*

The excess expenditure of K87, 272,446,83 reported in the Auditor-General's Report was caused by the factors set out hereunder.

(i) **Head 05 – Electoral Commission of Zambia (12, 118, 835, 956)**

The excess expenditure under Head 05 - Electoral Commission was caused by failure by the Controlling Officer and his accounting staff to raise a Supplementary Provision Warrant (SPW) for retained funds from the 2008 financial year after the Treasury authorised the institution to retain unspent funds under the By-Elections Programme.

Your Committee expresses displeasure over the fact that the Controlling Officer failed to raise a Supplementary Provision Warrant to regularise the expenditure. Your Committee reiterates that in future, it will not tolerate this practice, which amounts to dereliction of duty.

(ii) **Head 37- Ministry of Finance and National Planning (K64,878,205,989)**

This excess expenditure was caused by the additional 5% increase of public service salaries negotiated for by the unions in the signed collective agreement with GRZ while the Mid Term Pay Reform budget had a 10% provision for salary increment in the 2009 budget.

Your Committee notes the submission and calls upon the Secretary to the Treasury to ensure that the expenditure was regularised in accordance with the provisions of the Constitution, subsequent to which the matter should be closed.

(iii) **Head 99- Constitutional and Statutory Expenditure (K10,275,404,885)**

The excess expenditure was caused by the sharp increase in the total treasury bills outstanding. The total treasury bills outstanding increased by 36% to K4,460,124.06 million in 2009, from K3,280,401.13 million at the end of 2008. In addition, the gradual

increase in interest rates in the first three quarters of the year under review contributed to the actual interest amount paid being higher than the budgeted amount. Under normal circumstances, this expenditure would have been supplemented to avoid incurring expenditure above the appropriated amount.

The Secretary to the Treasury sought the indulgence of your Committee to allow the excess expenditure amounting to K87, 272,446,830 incurred in the year under review to stand as a charge against public funds. In order to normalise the excess expenditure the Ministry would prepare the Excess Expenditure Appropriation Bill as provided for under Article 117 (5) of the Constitution for presentation to Parliament by the Minister responsible for Finance.

Your Committee notes the submission and reiterates that the expenditure should be regularised as submitted by the Secretary to the Treasury.

c) Unreconciled Balance

The Secretary to the Treasury submitted that the analysis on the outturn regarding the reduced unreconciled balances amounting to K2,707,262,636,856 was correct. The unreconciled balance of K2,737,684,600,426 indicated in the Financial Report was due to non-reconciliation of below-the-line items such as advances, loans, deposits and imprest in the Financial Management System. The amount has continued to increase because there was no interface between the P MEC System and the FMS to capture the recoveries that had been effected on the officers' pay slips. These shortcomings were expected to be overcome after the full implementation of the Integrated Financial Management System (IFMIS).

He, further, submitted that the unreconciled balance was reduced by K30,421,963,540 to K2,707,262,636,856 due to the difference in the surplus reported in Statement A of K1,860,019,550 and the surplus reported in Statement D of K1,890,441,513,728. This was because there were amendments to expenditures after Statement A was audited, although what was reported in expenditures in the Financial Report was what was actually audited.

Your Committee notes the submissions and calls upon the Secretary to the Treasury to expedite the implementation of the IFMIS so as to minimise the incidence of unreconciled balances on account of lack of interface between the FMS and P MEC as these can result into loss of public funds. Your Committee, however, closes the matter.

d) Unretired Imprest

The figure of the unretired imprest of K23, 043,693,444 in the Financial Report was correct and the observation that the balance of K445,240,734,515 was not brought forward in accordance with the requirement of the International Public Sector Accounting Standards (IPSAs) - cash basis was also correct. Under this standard, the Financial Statements of an entity or Government must record movement of cash in a particular period.

Therefore, K445, 240,734,515 was not cash movement in the period under review. This amount as at 31 December, 2008 was an accumulated balance from previous years. The System was a standalone system; as such the previous years which did not take into account post year retirement due to the current FMS which did not allow for multi-year

transactions. This was a major weakness of the current FMS and was being addressed with the implementation of IFMIS. Therefore, Ministries, Provinces and other Spending Agencies (MPSAs) supplemented the expenditure arising from the retirement of imprest for the previous years.

To effectively address the issue of unretired imprest, a committee has been appointed to come up with a report on the management of imprest within five weeks. The terms of reference for the committee included the following:

- (i) assessment of different alternatives available on the administration of imprest in comparison with other countries in the sub-region;
- (ii) development of a robust monitoring and evaluation management of imprest framework;
- (iii) conducting a cost benefit analysis of the existing system vis-à-vis the proposed alternatives;
- (vi) formation of with new guidelines on the management of imprest and propose amendments to the existing regulations; and
- (iv) presentative of a report with recommendations on the best approach on the management of imprest.

Your Committee requests that all documents relating to this submission be submitted to the Auditor-General for verification. Your Committee is, however, very seriously concerned over the poor management of imprest in the Zambian public service. Your Committee welcomes the constitution of the committee to specifically look into this matter and resolves to await a progress report on the outcome of the committee's work and the time frame for implementation of its recommendations.

e) Net Surplus

It was true that a net surplus amount of K1,860,019,550,150 in the audited statement of comparison of the budget and actual (Statement A) differs by K30,421,963,570 from the surplus amount of K1,890,441,513,728 in the Statement of Financial Position (Statement D). This was as a result of adjustment to expenditure in Statement C which were audited and certified after Statement A had been audited.

Your committee notes the submission and resolves to close the matter, subject to audit verification by the Auditor-General.

GENERAL REVENUE

AUDIT QUERY	PARAGRAPH	6
Programmes:	Income Tax (Other than Mineral Tax)	
	Mineral Revenue	
	Customs and Excise	
	Value Added Tax	
	Exceptional Revenue	
Activities:	Various	

Weaknesses in Revenue Collection

8. The audit revealed some weaknesses in the collection of general revenue and the Secretary to the Treasury responded as set out below.

(a) Revenue Deficits on some Tax Types – K344.9 billion

The Secretary to the Treasury submitted that ZRA recorded an overall surplus of K83.818 billion. However, there was a net deficit of K344.9 billion in respect of twenty three tax types which was attributed to the reduced business volume due to the economic downturn.

Your Committee notes the submission and closes the matter, subject to audit verification.

(b) Delayed Remittances of Funds to Bank of Zambia – Failure to collect Interest of K40,049,780

The Secretary to the Treasury explained that ZRA had intensified the monitoring of collections and remittance of revenue and any delays were followed up with commercial banks. The interest of K40,049,780 in question was yet to be paid and consultations had continued with Zambia National Commercial Bank (ZANACO). Currently, a response was being awaited from the Bank.

Your Committee is displeased over the failure by ZRA to collect the interest due from ZANACO. Your Committee reiterates that there should be no negotiations over the payment of the amount as failure to remit the funds on time amounted to a breach of duty by ZANACO. Further, your Committee urges that the Secretary to the Treasury to obtain the delayed remittances amounting to K40,049,780 without further delay. Alternatively, ZRA should enter into a debt-swap arrangement where this amount can be written off against bank charges.

(c) Refer to Drawer Cheques - K1,264,758,319

The Secretary to the Treasury explained that out of the cited K1,264,758,319 refer to drawer cheques, a total of K1,234,990,219 cheques were replaced, leaving a balance of K29,768,100 belonging to Heku Construction. This matter was seriously being pursued by the Debt Collecting Unit.

Your Committee recommends that while the Debt Collection Unit of ZRA continues to pursue the matter of the payment of the taxes, the matter of the bounced cheque(s) should immediately be reported to the Police for necessary action without delay.

(d) Tax Arrears

(i) Domestic Taxes

▪ **Unsupported Movements in Domestic Tax Debt Stock – headquarters**

The Secretary to the Treasury noted the observation and stated that the ZRA had since embarked on a data cleaning exercise that would ensure that the taxpayer accounts were reconciled and correct record reflected on the system. The K31, 276,562,708 was basically as a result of the account reconciliations which were part of the data cleaning exercise.

Your Committee observes that the Secretary to the Treasury has not provided a satisfactory response to the issues raised by the Auditor-General. Your Committee, therefore, reiterates that documents must be provided to support any changes to the tax liabilities of the mentioned tax payers. In cases where the changes are necessitated by system errors, this fact should be properly supported and all relevant supporting documents presented to the Auditor-General for verification. Your Committee will await a progress report on the matter.

▪ **Arrears not Updated – Kitwe: K66,889,210,345**

The Secretary to the Treasury admitted that the observation of the Auditor-General that the debt schedule provided in 2009 had no correlation between the account statements on Income Tax Assessment System (ITAS) and the debt schedules was correct. This was mainly due to the fact that reconciliation of the accounts and charging of penalties and interest was not done on the ITAS but outside the ITAS system. The recommendations of the report had been adopted and debt enforcement, tax audits and account reconciliations were being done at the Kitwe Office.

Your Committee notes the submission and requests that all documents relating to the tax audits and reconciliation be submitted to the Auditor-General for verification, subsequent to which the matter should be closed.

▪ **Incomplete Station Debt Stock – Livingstone: K15,414,208,456**

The Secretary to the Treasury informed the Committee that the debt was reconciled manually using DTIS and ITAS. Penalties were not being charged as compliance did not run on ITAS; therefore, penalties and interest were charged manually. Further, no warrants of distress were issued during the period of the audit as most of the debt that was reported was owed by Government-funded institutions. Data cleaning was taking place in all the stations, which exercise would ultimately result in the reconciliation of our taxpayer accounts.

Your Committee notes the response and requests that all relevant documents relating to the reconciliations be submitted to the Auditor-General for verification, subsequent to which the matter should be closed.

- **Unallocated Suspense Account Transactions: K43,775,645,186**

The Secretary to the Treasury stated that data cleaning, as aforementioned, was taking place in all the stations and the exercise would ultimately result in reconciliation of the taxpayer accounts. The cashiering system developed a bug where the allocated suspense transactions still maintained a status of 'unallocated'. This bug was being resolved by the Consultants from the developers of the system who were engaged on 20th October, 2010.

Your Committee notes the submission and calls for quick action with regard to the cleaning up of the system. Your Committee also requests that all documents relating to these reconciliations should be submitted to the Auditor-General for verification, subsequent to which the matter should be closed.

- **Missing Tax Payers: K338,916,946**

The Secretary to the Treasury explained that the ZRA had since traced Mwalin Investments Ltd in Kitwe but the debt of K2,009,055.09 remained outstanding. As for Chipata Cotton Company, offsets had since been made against authorised refunds that were due to them, thereby recovering the entire debt of K3,853,723.40. For the remaining thirteen taxpayers, ZRA was considering to have a debt remission by end of this year.

Your Committee observes the submission and calls upon ZRA to initiate the recovery of the tax debt from Mwalin Investments through the established procedures. Your Committee, further, requests that all the documents be availed to the Auditor-General for verification.

- **Mineral Royalty Tax Arrears: K147, 647,698,239**

The Secretary to the Treasury admitted that K147, 647,698,239 was omitted from the tax arrears figure reported as at 31st December, 2009, as shown in the Table below.

Company Name	Amount Declared	Amount Paid	Balance
Kansashi Mining PLC	157,687,977,370	31,008,753,951	126,679,223,418
Konkola Copper Mines	91,204,857,747	81,985,458,698	9,219,399,048
Lumwana Mines	11,749,075,772	0.00	11,749,075,772
Total	260,641,910,889	112,994,212,650	147,647,698,239

However, the amount remains outstanding as shown below due to the following reasons:

Kansashi Mining PLC

Kansashi Mining PLC declared the mineral royalty tax at 3% and only paid at 0.6% as per Development Agreement.

Konkola Copper Mines

Konkola Copper Mines declared mineral royalty tax at 3% and paid at the same rate. The outstanding amount was due to error when uplifting the figures.

Lumwana Copper Mines

Lumwana Copper Mines declared the mineral royalty tax at 3% but had not paid the tax because the Development Agreement defers all taxes until they had exhausted their loans.

Your Committee observes that the Secretary to the Treasury has not responded to the issues raised by the Auditor-General and reiterates that it is imperative for ZRA to continue to reflect the outstanding amounts as tax debts, which should continue to attract the necessary penalties and interest. Further, the outstanding amounts must be collected in accordance with the law. Your Committee will await a progress report on these matters.

(ii) Customs and Excise

▪ **Outstanding Transits: K37,150,576,881**

The Secretary to the Treasury agreed that the outstanding transit for the period ending 31st December, 2009, for the noted stations as at 31st July 2010 amounted to K37.150 billion. He explained that the division in its transit management had continued to employ measures such as Tax Payer Identification Number (TPIN) blocking for transits outstanding for more than five days.

Your Committee notes that the Secretary to the Treasury has failed to explain what measures have been taken to resolve the outstanding transits as quoted in the Auditor-General's report. Your Committee will, therefore, await a progress report on the matter.

▪ **Outstanding Temporary Importation Permits (TIPs): K40 billion**

The Secretary to the Treasury explained that a total of 339 TIPs for the period ending 31st December, 2009 and amounting to K33.61 billion were outstanding as at February, 2010 as shown in the Table below.

Port	2009 No. of outstanding entries	2009 Outstanding Amounts K'Bn
Chirundu	151	22.58
Lusaka International Airport	34	3.51
Lusaka Port	58	1
Livingstone	63	4.67
Nakonde	33	1.85
Total	339	33.61

The Secretary to the Treasury explained that the Customs Services Division had recently completed reviewing the administration and management to Temporary Importation Permits (TIPs). The revised procedures were meant to streamline the application processes and also improve the monitoring of TIPS by way of decentralising the function to port level, which would also improve the monitoring of outstanding transactions.

Modalities were being explored on automating the locking to Taxpayer Identification Numbers in cases where temporarily imported goods remained in the country beyond the authorised timeframe.

Your Committee expresses concern that the Secretary to the Treasury has failed to explain the corrective measures taken to address the outstanding TIP entries raised by the Auditor-General. Your Committee urges the Secretary to the Treasury to submit an appropriate response without undue delay.

▪ **Expired Bonded Warehousing Entries: K9,371,235,911**

The Secretary to the Treasury conceded that a total of 677 warehousing entries for the period ending 31st December, 2009 and amounting to K9.371 billion were outstanding as shown in the Table below. He explained that the Customs Services Division had put in place a specialised unit to deal with outstanding entries and other related issues bonded warehouse management.

Outstanding Bonding Entries		
Port	2009 Number of outstanding entries	2009 Outstanding Guarantee Amounts
Kitwe	202	1,587,356,537
Lusaka International Airport	13	52,669,727
Lusaka Port	458	7,709,514,815
Livingstone	4	21,694,832
Total	677	9,371,235,911

Your Committee observes the response, but request the Secretary to the Treasury to take necessary disciplinary action against officers who failed to initiate the process of forfeiture of the goods in accordance with the provisions of the *Customs and Excise Act*. Your Committee also urges the Secretary to the Treasury to ensure that the corrective measures are taken to address the matter. Your Committee will await a progress report on the matter.

▪ **Registered Bill of Entry Pending Assessment for Over One Year: K2,165,454,625**

The Secretary to the Treasury admitted that it was correct that there were registered but not assessed entries for over one year amounting to K15.638 billion in taxes for the period ending 31st December, 2009 and not K2.165 billion as reported in the audit report. Further, the correct position of K15.638 billion in taxes for the period ending 31st December, 2009 was now K14.992 billion as at 17th February, 2011 as shown in the table below.

Registered But Not Assessed Transactions Above One Year	
Chirundu	848,563,236
Kitwe	544,829,310
Nakonde	13,598,733,533
Total	14,992,126,079

The Secretary to the Treasury explained that the 2011 budget measures, whose implementation commenced on 1st January, 2011, compelled importers to pre-register bills of entry five days prior to arrival of the goods at the border. This would help ensure that complete declarations were lodged to the Customs Division and allow for timely assessment of entries and reduce the dwell time at the border.

Your Committee is extremely displeased about the apparent laissez faire attitude that has been adopted by the Authority in the handling of this matter. Your Committee, further, reiterates that the Secretary to the Treasury should give an appropriate response on the measures taken to address the specific issue of the outstanding bills of entry raised by the Auditor-General and uncollected customs duty on those entries.

▪ **Non-Adherence to Time to Pay Agreements (TPAs) by Excise Duty Manufacturers: K555,116,662**

The Secretary to the Treasury explained that K439 million in signed TPAs had to date not been honoured and was outstanding from the initially queried unpaid amounts of K555.116 million as at 31st July, 2010. The Secretary to the Treasury further explained as set out below.

- Highlands Distilleries Limited and Nakambala Breweries Limited cleared their TPAs while Kariba Breweries Limited, Mutanshi Breweries Limited and Nakambala (Maz) Breweries renegotiated their TPAs and had since been servicing them. These TPAs had extended through re-negotiations in a bid to keep the debtors in business to avoid embarking on costly debt recovery measures and also losing out completely.

- Debt recovery proceedings that were instituted against the perpetual defaulters such as Drink Me Beverages were yet to be concluded while receivership proceedings had commenced against Greytown Breweries Limited by ZANACO and the Receiver. ZRA would continue working with the Sheriff's office to auction off the plant following a request from liquidators of the plant.
- A specialised Excise unit has been established to deal with Excise management and ensure that there was compliance in all aspects of Excise requirements by manufacturers that included payment compliance.

Your Committee observes the submission and requests an update on the enforcement of the outstanding TPAS.

MINISTRY OF HOME AFFAIRS-ZAMBIA POLICE

AUDIT QUERY

PARAGRAPH 7

Fees and Fines

Activity: Police

Accounting and Other Irregularities

9. An examination of accounting and other records maintained at Zambia Police Force Headquarters and visits to selected Police Stations in Lusaka, Southern, Central, Western, North western and Copperbelt provinces, carried out in June 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unaccounted for Revenue

The Controlling Officer submitted that out of the total amount of K117,033,550, Revenue amounting to K36,352,150 was deposited leaving a balance of K80,681,400 unaccounted for of which all the Officers involved were arrested and were appearing in court. The deposit slips were available for verification.

Your Committee notes the measures that have been taken to address the query and requests the Controlling Officer to provide the traced deposit slips to the Office of the Auditor-General for verification. Further documentary proof of the arrest of the officers responsible should also be availed for verification. A progress report is awaited.

(b) Misappropriation of Revenue

The Controlling Officer submitted that the amount of revenue totalling K39,410,000 collected at Mongu Central Police Station was misappropriated by an officer who was already appearing in court.

Your Committee notes the submission, but observes that this does not stop the Controlling Officer from taking further disciplinary action. The Controlling Officer is urged to strengthen internal controls in order to safeguard the revenue. They await a progress report on the matter.

(c) Delayed Banking-K1,178,383,200

The Controlling Officer submitted that the delays were due to lack of manpower since most Officers were in most cases attached to other duties especially Route Lining and escorting of prisoners. Also in some cases transport to the banking facilities was a problem. To overcome this, Zambia Police asked for expansion of the accounts cadre which was approved and was currently waiting for Ministry of Finance and National Planning to recruit the staff. This would enhance revenue collection and improve efficiency in banking.

Your Committee finds the explanation unacceptable as it does not explain why banking was delayed for months in some cases and urges the Controlling Officer to take charge and issue instruction to all stations to bank the revenue as stipulated by the Financial Regulations. They await a progress report on the measures to be undertaken to arrest the bad practice of delayed banking.

(d) Receipt Books not Produced for Audit

The Controlling Officer stated that twenty-five receipt books at Mongu Central were not availed to the auditors at the time of audit and the Officer W/Constable F. Kasaro had been apprehended and was appearing in Court. The same Officer also failed to account for K90,300,000 hence the matter being referred to Court.

Your Committee regrets the abuse of the revenue by the officer and observes that with strong internal controls this could have been prevented. Your Committee urges the Controlling Officer to put in place strong internal controls to protect public funds. Your Committee resolves to await a progress report.

(e) Destruction of Copies of Used Receipt Forms

The Controlling Officer acknowledged the irregular destruction of copies of used receipt forms at Pemba Police Station and the officer concerned was convicted, but unfortunately died in Mazabuka State Prison.

In closing the matter, your Committee reiterates its position that the abuse of revenue can only be addressed through putting in place strong internal controls.

MINISTRY OF HOME AFFAIRS

AUDIT QUERY

PARAGRAPH 8

Fees and Fines

Activity: Immigration

Misappropriation of Revenue and Other Irregularities

10. An examination of accounting and other records maintained at the Immigration Headquarters, Lusaka International Airport, Livingstone, Kazungula border, Katima Mulilo, Mongu Regional Office, Kasumbalesa, Kitwe and Ndola carried out in June, 2010, revealed several irregularities and the Controlling Officer responded as set out below.

(a) Misappropriation of Revenue: K3,746,266,735

The Controlling Officer noted that the Auditor-General's report states that revenue amounting to K3,746,266,735 collected during the period January to December, 2009, at five stations from issuance of Visas and permits had been misappropriated. However the Controlling Officer explained and submitted as set out below.

(i) Immigration Headquarters

It was not correct that that Immigration Headquarters misappropriated Government revenue during the period January to December, 2009. The auditors assumed that all permits cost K2,000,000 on issuance and K2,500,000 on extension. These assumed figures when multiplied by the range of permits they audited, gave the Auditors the deficit of K2,584,050,000 which was said to have been misappropriated.

However, different organisations and Government departments as well as non-Governmental organisations (NGOs) pay different amounts on various permits as set out hereunder.

Employment Permits - Private firms pay K2,000,000 on issuance and K2,500,000 on extension while NGOs pay K500,000 on issuance and K750,000 on extension. At the same time, Government Departments pay K1,000,000 on issuance and K500,000 on extension. The Controlling Officer further explained that certain individuals had been issued with the said permits on gratis (free of charge). These included JICA employees seconded on Government projects. Necessary documents were available for verification.

Entry Permits - Private firms and individuals pay K2,000,000 on issuance while NGOs pay K1,000,000. Government departments pay K1,000,000, and certain individuals may be issued these permits gratis with permission from the Permanent Secretary, Ministry of Home Affairs on humanitarian grounds.

Temporary Permits - Private firms and individuals pay K2,000,000 on issuance and K2, 500,000 on extension. Government departments pay K1,000,000 on issuance and K1,500,000 on extension.

The Permanent Secretary thus reiterated that auditors used a flat rate of K2,000,000 on all permits to come up with the shortfall in question. This was the reason why the amount on issued permits was more than the actual cash collected and banked. More than 14,000

permits were processed and issued in the year under review and all the money was banked. The records were available for verification.

Your Committee observes that if the Ministry had cooperated with the audit team, this information could have been given to the auditors during the audit process. It was clear to your Committee that the Controlling Officer paid little attention to the audit until matters were referred to your Committee. Your Committee cautions the Controlling Officer against this practice. The Office of the Auditor-General was requested to verify the submission in order to reconcile the figures with the Ministry of Home Affairs, subsequent to which the matter should be closed.

(ii) Lusaka International Airport

Temporary Permits :K56,500,000 - The Controlling Officer informed your Committee that that it was not true that K56,500,000 was misappropriated. According to records, a total of K1,098,500,000 was collected and banked. Receipts, deposits slips and bank statements were available for verification.

Your Committee reiterates its disappointment that the Ministry did not cooperate with the audit team. The Office of the Auditor-General is requested to verify the submission in order to reconcile the figures with the Ministry of Home Affairs, subsequent to which the matter should be closed.

Visa Fees: K149, 304, 750 - The Controlling Officer informed your Committee that findings within the Ministry showed that all revenue collected was banked. The amount of K149, 304, 750 which was reported to have been misappropriated was as a result of the exchange rate differences. The auditors converted the foreign currency at a fixed exchange rate for the whole financial period when in fact there were currency fluctuations during the period in question. Records were available for verification.

Your Committee maintains its earlier observation that this information should have been shared with the auditors during the audit process in order to avoid the query. The Office of the Auditor-General was requested to verify the submission in order to reconcile the figures with the Ministry of Home Affairs, subsequent to which the matter should be closed.

(iii) Kazungula-VISA Fees: K11,531,985

The Controlling Officer informed your Committee that a total of US\$358,470 was collected and banked. The shortfall of US\$2,680 alluded to was as a result of the omission of two deposit slips by the auditors on general revenue cash book pages 496428 to 31.

The Office of the Auditor-General is requested to verify the submission in order to reconcile the figures with the Ministry of Home Affairs, subsequent to which the matter should be closed.

(iv) Kitwe Permits

Unaccounted for Revenue: K21,080,000

The Controlling Officer informed your Committee that it was not true that revenue amounting to K21,080,000 was unaccounted for. Deposit slips and cash books were available for verification.

Your Committee expresses concern that these documents were not presented to the auditors during the audit process and cautions the Controlling Officer to always use the audit process to clear the queries before they are included in the final report. Your Committee requests the Auditor-General to verify the submission, subsequent to which the matter should be closed.

Permit Fees: K678,100,000

The Controlling Officer informed your Committee that it was not true that a total of K678,100,000 was misappropriated. Out of 1,400 Temporary Permits collected in 2009, only 974 were issued that year and the balance of 426 plus part of those 50 collected in 2010 were issued in 2010. The query arose because the auditors assumed that all of the permits collected in the year under review were issued when in fact the balance of 426 permits were carried forward and issued in the following year.

Your Committee requests the Office of the Auditor-General to verify the submission in order to reconcile the figures with the Ministry of Home Affairs subsequent to which the matter should be closed.

(v) Ndola Permits: K245, 700,000

The Controlling Officer informed your Committee that it was not true that K245,700,000 was misappropriated. In 2009, Temporary Permits totaling 1,400 were collected and only 903 were issued. The balance of 497 Temporary permits were carried forward to 2010 and a new ones were collected from Ministry of Finance and National Planning.

Your Committee requests the Office of the Auditor-General to verify the submission, subsequent to which the matter should be closed.

(b) Delayed Banking-Permits-K6,611,800,000

The Controlling Officer informed your Committee that it was true that a total of K1,178,383, 200 was delayed in being banked. This was due to lack of manpower since most officers were in most cases attached to other duties especially route lining and escorting of prisoners. Further, in some cases, transport to the banking facilities was a problem. To overcome this, Zambia Police asked for expansion of the accounts cadre which was approved and the Ministry was waiting for recruitment by the Ministry of Finance and National Planning.

Your Committee finds the practice of delaying banking to up seventy-five days unacceptable for the reasons advanced by the Controlling Officer. Your Committee implore the Controlling Officer to take necessary disciplinary action against all the officers

involved in this vice. A progress report is awaited on the disciplinary action and the recruitment of more accounting staff.

(c) **Dishonoured Cheques: K13,000,000**

The Controlling Officer informed your Committee that it was true that the cheques were dishonoured and follow-ups were with Ministry of Finance and National Planning who received the cheques.

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

MINISTRY OF AGRICULTURE AND COOPERATIVES

AUDIT QUERY	PARAGRAPH	9
Fines and Fees		
Activities:		
Plant Quarantine and Phytosanitary Services		
Fertilizer Sales		
Veterinary Fees		
Fishing Licences		
Import and Export Permits		

Weaknesses in Accounting for Revenue

11. An examination of accounting and other records maintained at the Ministry Headquarters and visits to Chilanga and Itezhi-Itezhi Fisheries, Zambia Agriculture Research Institute (ZARI)-Headquarters, Ndola, Kabwe and Livingstone carried out in July, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) **Unaccounted for Revenue**

(i) **Chilanga Inspection Fees (SCCI) – K71,646,600**

The Controlling Officer explained that the funds amounting to K71,646,600 were deposited on the 17th July, 2009 and the deposit slips were available for audit scrutiny.

Your Committee, in noting the submission, cautions against delays in banking and urges that monitoring and control mechanisms should be put in place to ensure the practice is stopped. The matter should be closed subject audit verification.

(ii) **Itezhi- tezhi Veterinary and Ndola Veterinary: Failure to Account for K7,045,250 and K8,335,000**

The Controlling Officer submitted that amounts totalling K7,045,250 and K8,335,000 for Ndola and Itezhi-tezhi Veterinary, respectively could not be properly accounted for because officers at the two stations used the funds on RDC related activities without authority. The officers concerned had since been reprimanded for failure to abide by the necessary Financial Regulation.

Your Committee wishes to be availed with proof that disciplinary action had been taken against the officers who used the said funds without seeking authority. Further, the misapplied funds must be reimbursed from the RDC funding for the two stations. They await a full report on these matters before the closure.

(iii) Import and Export Permits not accounted for K224,372,650

The Controlling Officer explained that all duplicates and bank slips for permits issued were available but were filed in separately and consisted applications for maize grain, maize meal, maize bran and other sensitive products.

Your Committee requests the Office of the Auditor-General to verify the documents before the matter can be closed.

(iv) Loss of revenue on undervaluation of tonnages on permits: K21,212,250

The Controlling Officer explained that the failure to charge some tonnage that amounted to K21, 212,250 at the point of issuance of import/export permits, was an act of omission on the part of officers. This was a rounding off error on the declared tonnage of imports/exports, which attracted a normal charge of K35,000 per 30 metric tonnes load. Clients that imported or exported quantities slightly above the aggregates of 30MT, 60MT or 90MT such as 30.2 MT, 60.3MT, 90.1MT were not charged on a pro rata basis. This mistake was corrected immediately it was discovered and all quantities were now correctly charged.

Your Committee, in noting the submission, cautions against the practice and urges that monitoring and control mechanism should be put in place to avert the problem. The matter should be closed subject to audit verification.

(b) Unpresented Documents: K61,250,000 and K176,750,000

The Controlling Officer explained that all export and import permits valued at K61,250,000 and K176,750,000 respectively had since been produced and verified by the Office of the Auditor-General while a status report was awaited.

Your Committee resolves to await a status report from the Office of the Auditor-General before the matter can be closed.

(c) Unauthorised Appropriation of Revenue

The Controlling Officer explained that the Plant Quarantine and Phytosanitary Service (PQRS) conducted inspections of imports and exports of plant and plant materials on a daily basis which needed operational funds at all times. The Ministry wrote the Secretary to the Treasury in 2010 to seek retrospective authority to allow the funds in question to stand as a charge against public funds but the response was still being awaited.

Your Committee is disappointed that the Ministry has continued to spend public funds without following laid down financial regulations. Your Committee wishes to stress that such blatant disregard of the regulations, which are there to safeguard public resources, is unacceptable. Your Committee urges the Controlling Officer to write to the Secretary to

the Treasury to try and resolve the funding problems, which the PQRS was facing. Your Committee will await a progress report on these matters.

MINISTRY OF WORKS AND SUPPLY

AUDIT QUERY

PARAGRAPH 10

Head: Fees and Fines

Activity: Various

Irregularities in Accounting for Revenue

12. An examination of accounting and other records for the revenue collections at the Ministry Headquarters and Government Complex carried out in March 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Failure to Collect Proceedings from the sale of Personal to Holder Motor Vehicles – Headquarters

The Controlling Officer submitted that the vehicles in question were in far flung areas and a number of them were for District Commissioners. A physical verification of these vehicles was undertaken by the Accounting Unit with the aim of resolving the issue. This revealed, among other things, that some vehicles were fully paid for while others were in a damaged state at the time of the offer hence they could not be accepted.

Your Committee requests the Auditor-General to verify the submission, subsequent to which the matter should be closed.

(b) Government Complex

The Controlling Officer admitted that the observation by the Auditor-General on the issues raised under Government Complex on revenue collection and banking was correct. He explained that the cited irregularities were perpetrated by the Estate Manager. Upon receipt of the query from the Auditor-General the Controlling Officer wrote to the Bitrust property managers, directing them to explain these irregularities. He added that he had since sternly warned them that failure to do so would leave him with no option but to report the matter to the law enforcement agency for further action. He was still pursuing this case and a box file containing responses by Bitrust Real Estate was available for verification.

Your Committee expresses concern that the Controlling Officer has not taken necessary remedial action up to now. Your Committee urges the Controlling Officer to immediately institute remedial action to recover the outstanding amounts in accordance with the estate management agency contract. Your Committee will await a progress report on the matter.

MINISTRY OF LANDS

AUDIT QUERY

PARAGRAPH

11

Fees, Interest and Other Revenue

Programmes: Various

Activities: Various

Accounting and Other Irregularities

13. An examination of accounting and other records maintained at the Ministry carried out in September, 2010, revealed several irregularities and the Controlling Officer responded as set out below.

(a) Revenue Collections

The Controlling Officer informed your Committee that the main reason for the under collection was the reduction in the client driven fees such as document fees, survey fees and consent fees. On the other related issues she submitted as set out hereunder.

(i) Unaccounted for Revenue- K641,450,256

The Controlling Officer informed your Committee that it was true that documents relating to revenue amounting K641,450,256, collected between January to December were not made available during the Audit. Documents relating to revenue collections amounting to K641,251,094 were now available for verification leaving a balance of K199,162.

Your Committee expresses concern at the weak monitoring and control mechanisms at the Ministry of Lands and urges the Controlling Officer to take concrete steps to improve the situation and recommends that disciplinary action should be taken against the officers who fail to follow accounting procedures and regulations. Your Committee requests the Office of the Auditor-General to verify the measures being put in place and await a progress report on the outstanding balance.

(ii) Delayed Banking- K1,158,333,893

The Controlling Officer submitted that the Ministry had now strengthened the monitoring mechanisms to ensure that there were no delays in the banking of revenue. This would be by way of conducting frequent revenue audits by the Financial Management Unit and the Internal Audit Unit at the Ministry Headquarters as well as the Internal Auditors based at the Provincial Administration.

Your Committee urges the Controlling Officer to take disciplinary action against the officers responsible for this serious breach of financial regulations. Your Committee resolves to close the matter subject to audit verification of the disciplinary action recommended and the measures reported to have been taken by the Controlling Officer.

(iii) No Proof of Reversals of Receipts-K141,465,161

The Controlling Officer informed your Committee that the reversals were made on written instructions from the clients when they noticed errors on their receipts. The supporting documents for the reversals made between January and December, 2009, amounting to K141,465,161, were available for verification.

Your Committee expresses concern why these documents were not made available to the auditors during the audit process. Your Committee calls upon the Controlling Officer to ensure that she cooperated with the auditors in accordance with the law. Your Committee, further, resolves that all the relevant documents should be availed to the Auditor-General for verification after which the matter should be closed.

(iv) Outstanding Debtors

The Controlling Officer admitted that the data base in the Land Information Management System was misleading and the Ministry had set aside K1,053,788,641 in the 2011 budget, to correct the situation by replacing the Land Information System.

Your Committee urges the Controlling Officer to treat this matter with the urgency it deserves. Your Committee will await a progress report on the measures that will be taken to correct the situation.

(b) Appropriation In-Aid-Exceeding the budget by K869,533,678.25

The Controlling Officer explained that the Ministry retained K6,553,105,916 as Appropriation-in-Aid exceeding the budget by K869,533,678.25. She prayed that the expenditure be allowed to stand as a charge to public funds.

Your Committee urges the Controlling Officer to put in place measures to strictly monitor the Appropriation-in-Aid in order to avoid such recurrences. Further, the Controlling Officer should write to the Secretary to Treasury to seek authority to normalise the expenditure. Your Committee resolves to await progress on the matter.

CABINET OFFICE, MANAGEMENT DEVELOPMENT DIVISION

AUDIT QUERY

PARAGRAPH 12

Programme: Payroll Management and Establishment Control
Activities: Various

14. The Payroll Management and Establishment Control (PMEC) Project was a Government initiative whose main purpose was to establish sustainable processes and systems that could support the effective monitoring of Government employment policy and help to detect and eliminate payroll abuse. The project was commissioned to enhance the prevention of over-runs in Personal Emoluments (PEs) expenditure and improve the accuracy of payroll budgeting. The audit queries regarding these matters were responded to as set out below.

PMEC was managed in a decentralised manner on a centralised database. PMEC integrated payroll and establishment control and incorporated business rules. PMEC went live in mid-2004. PMEC consisted of a total of 258 payroll areas. This accounted for approximately 160,000 live employee master records with at least 15,000 inactive employee master records. The Audit queries regarding these matters were responded to as set out below.

Weaknesses in the Administration of PMEC

(a) IT Governance

(i) IT Strategic Plan and ICT Policies

The Controlling Officer explained that at the time of implementation of the PMEC system in 2004, Government had no ICT policy from which Public Service Management Division (PSMD) could derive its ICT Policy. With the launch of the National ICT policy, PSMD was in the process of developing a Divisional ICT Policy and IT strategic plan in line with National ICT policy.

Your Committee urges the Controlling Officer to hasten the development of the ICT Policy for the PSMD so that the IT system can operate according to CoBIT requirements with an elaborate strategic plan. Your Committee will await a progress report on this matter.

(ii) Segregation of Duties

The Controlling Officer explained that the Ministry of Finance and National Planning (MOFNP) issued a directive to freeze all recruitment which had remained in effect for the last two years. He noted, however, that the Division had filled the positions of Payroll Management Officer, Personnel Administration Officer and Organisation Management Officer, which was facilitating the realignment of user rights (authorisations) on the PMEC system.

Your Committee notes the measures taken to normalise the situation and requests the Office of the Auditor-General to verify whether the issue of user rights has been normalised. They await a progress report on the matter.

(b) Contracts

(i) Lack of Service Level Agreements

The Controlling Officer explained that PSMD had a service level agreement which bound the end users to proper usage of the PMEC system.

Your Committee resolves to close the matter, subject to audit verification of the submission.

(ii) Lack of Maintenance Contracts

The Controlling Officer explained that the consultants were not engaged to undertake bug fixing, system upgrades or help desk support but were

engaged to install local area network in the decentralisation of the PMEC system to provincial centres. The other contracts were entered into for maintenance of the PMEC system and to implement the PMEC system in 2004. The contract did not provide for support services due to budgetary constraints. The Division, therefore, opted to use the initial implementers of the PMEC system for any subsequent help desk support arising from the system and no contract was signed as the help desk services were ad hoc. However, in the upgraded PMEC system, a three year maintenance and help desk support was built into the contract with EPI-USE Africa Limited.

Your Committee reiterates the guidance from the Auditors that these arrangements must always be guided by formal contracts. Your Committee urges the Controlling Officer to adhere to this advice to avoid unnecessary pitfalls. They request the Office of the Auditor-General to verify the current situation subsequent to which the matter should close.

(a) IT Security

(i) Inappropriate User Profiles

The Controlling Officer explained that in order for the Division to deliver the standard service to the nation, some officers had to be given more than one user profile. However, with the recruitment which had taken place, the realignment of user rights (authorisations) on the PMEC system was being normalised.

Your Committee urges the Controlling Officer to ensure the user rights are realigned in order to safeguard the system from possible abuse which is possible if officers have access to all the business areas on the system. They request the Office of the Auditor-General to verify the current situation, subsequent to which the matter should close.

(ii) Lack of Back-Up Policy and Inadequate Back- Ups Testing

The Controlling Officer explained that PSMD had taken note of the concern. However, in the PMEC System functional upgrade, the back-up strategy had been revised and strengthened. The system was running on a three tier system landscape and data was being replicated using NETAPP Storage Server facilities. The disaster recovery centre was almost complete, with the laying of fibre optic by ZAMTEL being the only remaining aspect. The development of a written backup policy had commenced and was in progress.

Your Committee notes the submission and resolves to await a progress report on the development of the back-up policy and arrangements being put in place to facilitate periodic testing of the back-ups.

(iii) Inappropriate Backup Storage

The Controlling Officer explained that the weakness had been addressed in the upgraded PMEC system. The backup storage on the upgraded PMEC system had been implemented using the NETAPP storage server facility which replicated data online and in real time and was located about five kilometres from the primary location.

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

(iv) Inadequate Security for the Server

The Controlling Officer explained that with regard to the security of the server, a log book had been introduced and only authorised personnel were allowed to sign for the keys to gain access to the server room. Further, a fire extinguisher had been put in the server room.

Your Committee notes the measures put in place to improve security of the server but requests the Office of the Auditor-General to verify the current situation subsequent to which the matter should close.

(v) IT Infrastructure Responsibility and Security

The Controlling Officer explained that the Division had embarked on an exercise of demarcating the server room at Centralised Computer Services Department within the Ministry of Finance and National Planning (MoFNP) in a bid to separate the PMEC server from MoFNP legacy server in order to ensure that ownership and responsibility for IT related risks were managed at IT Specialist (Senior) level. Further, this would ensure that critical roles for managing IT risks, including specific responsibilities for information security, physical security and compliance were properly defined and assigned.

Your Committee resolves to await a progress report on the measures being taken to address the matters raised by the Auditor-General.

(b) Lack of a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP)

The Controlling Officer explained that in the PMEC system functional upgrade that was implemented in 2010, all these factors had been taken into account. The landscape that had been installed was configured to support business continuity through an automated disaster recovery implementation that replicated and synchronised data in real time such that in case of system failure at the main site, operations would automatically switch to the Disaster Recovery Site without the system end users noticing any system failure. The Disaster Recovery Centre was almost complete, with only the laying of fibre optic by ZAMTEL remaining.

Your Committee resolves to await a progress report on the establishment of the Disaster Recovery Site.

(c) Change Management - Incomplete Data Migration

The Controlling Officer explained that the migration of employees from the legacy payroll to the P MEC System had not been completed due to the fact that their positions were not in the approved establishment of the institutions. The verification of the affected positions was in progress. Further, PSMD had been conducting a cleanup exercise of the Legacy Payroll to ensure that all MPSAs confirmed the existence of the affected officers before they were migrated on to the P MEC system. However, the migration of the legacy payroll employees to the P MEC System was a continuous exercise and so far only 380 employees were remaining on the legacy payroll.

Your Committee notes the explanation by the Controlling Officer and resolves to await an update on the completion of the migration process.

(d) Payroll Management

(i) Under Age Employees

The Controlling Officer explained that the P MEC System used data taken on method of migrating officers from the legacy payroll which only ensured that officers with positions in the established and approved structures were captured as they were on the legacy payroll. Therefore, PSMD could only undertake data clean up after the P MEC system was functional. The data clean up on the P MEC system was an ongoing exercise where anomalies such as the thirty one cases of employees below the age of eighteen years were dealt with.

Your Committee agrees with the audit observation that if age was taken as a factor in the configuration of the P MEC, such irregularities would have easily been avoided. Your Committee, therefore, urges the Controlling Officer to urgently introduce statutory employment and retirement age in the system in order to help clean up the system. They await a progress report on the matter.

(ii) Newly Recruited Employees without NRC Numbers

The Controlling Officer explained that this issue had been addressed in the P MEC System functional upgrade. The national registration card field had been made mandatory.

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

(iii) Over Age Employees

The Controlling Officer explained that while it was possible to configure the P MEC System to automatically terminate employees when they attained the retirement age, employees were only terminated from the payroll upon receipt of retirement letters from relevant Service Commissions, for purposes of orderly exit from the public service.

Your Committee notes the explanation rendered by the Controlling Officer and urges the Controlling Officer to prod the Service Commissions to be proactive in processing retirement letters for the retirees.

(iv) Non-Functional Leave Management Component

The Controlling Officer explained that on the upgraded PMEC system the leave management function had been fully operationalised.

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

MINISTRY OF HOME AFFAIRS - ZAMBIA POLICE

AUDIT QUERY

PARAGRAPH 13

Programmes: Various
Activities: Various

Accounting and Other Irregularities

15. A examination of accounting and other records maintained at the Police Service and visits to selected sites carried out in April 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unvouched Expenditure

(i) Missing Payment Vouchers - K112,462,180

The Controlling Officer informed your Committee that the fourteen payment vouchers totalling K112,462,180 which were not produced for audit had been traced and were available for verification. A container had been procured where all old documents had been transferred in order to secure them.

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

(ii) Unsupported Payment Vouchers-K3,870,787,775

The Controlling Officer informed your Committee that supporting documents amounting to K3, 513, 80, 815 had been found, leaving a balance of K357,006,960. Efforts were being made to trace the other documents.

Your Committee urges the Controlling Officer to ensure that the missing documents in respect of K357,006,960 are traced and availed for audit verification. They await a progress report on the outstanding balance.

(b) Non Recovery of Loans (K119,000,000) and Advances (K29,800,000)

The Controlling Officer informed your Committee that the recoveries had now been effected and the pay slips were available for verification.

Your Committee resolves to close the query subject to audit verification that the recoveries had been effected.

(c) Weaknesses in the Management of Imprest

(i) Unretired Imprest: K779,748,177

The Controlling Officer informed your Committee that the amount of K779,748,177 was retired but the retirement documents were misfiled. These had been traced and were available for verification. To avoid a recurrence of misfiling, a container had been procured for storage of old accounting documents, thus creating space for the current documents.

The total amount of K200,799,000 which was issued as subsequent imprest was as a result of emergency cases which officers needed to attend to, such as, Court cases and investigations. However, this imprest had since been retired and documents were available for verification.

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

(ii) Questionable Retirements: K23,999,000

The Controlling Officer submitted that the amount of K23,999,000 relating to the questionable retirements of imprest had been justified by the affected officers.

Your Committee requests the office of the Auditor-General to verify the matter subsequent to which it should be closed.

(d) Irregular Payments

(i) Purchase of Stores for Command: K40,000,000

The Controlling Officer informed your Committee that it was true that the K40,000,000 involving five transactions which was paid to a supermarket did not have details of the goods being procured. However, these were payments which were made towards the procurement of assorted items.

Your Committee urges the Controlling Officer to avail the documents in question to the Office of the Auditor-General for audit verification, subsequent to which the matter should be closed.

(ii) Health Management - Local Treatment: K140,260,000

The Controlling Officer informed your Committee that it was true that K140,260,000 was paid on behalf of fourteen officers. This cost was as a result of emergency cases which needed specialist treatment and they were all catered for in the approved budget. The K2, 197,630,000 was billed by a private clinic for medical services rendered to officers and was an accumulation from the previous years when the hospital was not in place.

Your Committee observes the submission and resolves that since the conditions of service do not provide for such entitlements, this expenditure amounted to misappropriation of public funds. Therefore, the Controlling Officer should immediately institute recovery of the funds from the concerned officers. Your Committee will await a progress report on the matter.

(e) Irregular Payment of House Rentals: K140,152,295

The Controlling Officer informed your Committee that the amount of K140,152,295 was paid to various landlords as rentals for senior officers whilst awaiting response to a letter that was sent to Cabinet by the Permanent Secretary seeking for the officer's entitlements.

Your Committee observes that unless the issue of entitlement is clarified, the management of the rentals will remain chaotic. Your Committee, therefore, urges the Secretary to the Cabinet to urgently provide the necessary guidance on the matter. They await a progress report on the matter.

(f) Weaknesses in Management of Stores

(i) Undelivered Stores: K239,490,340

The Controlling Officer informed your Committee that assorted items costing K239,490,340 during the period were delivered even at the time of audit. However, the difficulty encountered was that the items were procured by the various Departments and later recorded by the Procurement Department. Records were available for verification.

Your Committee strongly advises the Controlling Officer to ensure that all officers in her Ministry co-operate with the Office of the Auditor-General as required by the relevant laws in order to resolve such queries before the Auditor-General's report is finalised. Your Committee expresses grave concern over officers who ignore the audit process and only present responses when they are summoned to appear before it. Your Committee urges the Controlling Officer to ensure that the records pertaining to the procurement in question are mobilised and availed for audit scrutiny without further delay. They await a progress report on the matter.

(ii) Goods without Receipt and Disposal Details: K4,172,697,808

The Controlling Officer submitted that the receipts and disposal details for goods costing K4,172,697,808 were available for verification. Ledgers to show receipts and disposals were available for verification at the respective stores departments; namely, Main Stores, Paramilitary, Kamfinsa School of Public Order Maintenance, Inspections and Main Garage Stores. Further, she stated that fuel costing K1,006,230,584 procured during the period under review had disposal details which were available for verification at the various stores Department.

Your Committee requests the Controlling Officer to avail the documents to the Office of the Auditor-General for verification. They await a progress report on the matter.

(iii) Non Recovery of Money from Surcharged Officer: K69,238,141

The Controlling Officer informed your Committee that the amount of K69,238,141 was being recovered through payroll from the officer's Salary. The pay slip was available for verification.

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

(g) Inventory not Inscribed with GRZ numbers: K376,331,000

The Controlling Officer informed your Committee that she had requested the Ministry of Works and Supply to come and mark the items and they had acknowledged receipt of the letter.

Your Committee calls upon the Controlling Officer to be proactive and pursue this matter to its logical conclusion. Your Committee will await a progress report on the matter.

(h) Failure to Utilise Communication Equipment: K559,081,600

The Controlling Officer informed your Committee that the amount of K559,081,600 was not used to procure communication equipment as stated in the Auditor-General's Report; instead, it was the steel monopoles which were procured and it was regrettable that installations were done only in Chelstone Police, Lusaka division, West wood Police, Villa Lucia Police, Libala Police, Kabwe Division and Luangwa Bridge, leaving out some steel monopoles which were still not utilised at the time of audit. These were awaiting the procurement of other components which were not in stock including VHF radios, repeaters, antennas, feeder cables and other accessories as a result of not receiving funding during the period under review.

Your Committee notes that there was no cooperation between the audit team and the Ministry officials during the audit process; as such, issues which could easily have been resolved during that process were being presented to your Committee for consideration. Your Committee cautions the Controlling Officer against failure to cooperate with audit teams and reminds her that the Auditor-General has a constitutional mandate to carry out her work and all Ministries are required to cooperate fully in this exercise. Your Committee further urges the Controlling Officer to prioritise the purchase of the remaining components so that the equipment can be put to use without further delay. They await a progress report on the matter.

MINISTRY OF ENERGY AND WATER DEVELOPMENT

AUDIT QUERY

PARAGRAPH 14

Units:	Various
Programmes:	Various
Activities:	Various

Accounting and Other Irregularities

16. An examination of accounting and other records maintained at the Ministry headquarters and visits to selected Provincial Water Offices carried out in August, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unvouched Expenditure: K290,539,921

The Controlling Officer submitted that out of forty-five inadequately supported or unsupported payment vouchers totalling K290,539,921, forty-one vouchers amounting to K281,349,921 had now been supported leaving a balance of four payment vouchers totalling K9,190,000.

Your Committee cautions the Controlling Officer against poor record-keeping in the Ministry and urges him to put in place corrective measures so that the Ministry is not queried again on similar matters. The traced documents should be availed to the Office of the Auditor-General for verification and your Committee requests a progress report on all outstanding documents.

(b) Unretired Imprest- K64,049,500

The Controlling Officer explained that the whole amount of K 64,049,049 had since been retired and retirement details were available for verification. Further, out of the imprest in amounts totalling K150,029,360 issued to twelve officers for various assignments, eight reports amounting to K80,346,560, had been submitted leaving a balance of K69,682,800 representing four reports.

Your Committee is disappointed that the Controlling Officer has not taken a firm stance on the failure to retire imprest and to prepare reports. In this regard, the Controlling Officer is urged to strongly caution all the officers involved and provide evidence of this action to your Committee. Further, the Controlling Officer should immediately initiate deductions from the concerned officers for all outstanding imprest and provide evidence of the recoveries to your Committee. The documents relating to imprest that has been retired should be availed to the Office of the Auditor-General for verification.

(c) Weaknesses in the Management of Transport

(i) GRZ 802 BS Mitsubishi Canter

The Controlling Officer submitted that the insurance cover for the Mitsubishi canter had expired at the time of the accident. The Ministry was unable to insure its whole fleet of vehicles because of lack of funds. However, the accident had been reported to the Standing Accidents Board and the worker had since been dismissed from employment.

Your Committee urges the Controlling Officer to improve controls in the management of transport to ensure that all procedures were followed in respect of accidents. Further, your Committee urges the Controlling Officer to priorities insurance of assets to avert losses in case of accidents.

(ii) GRZ 147 BX Toyota Hilux

The Controlling Officer explained that insurance cover for the Toyota Hilux GRZ 147 BX had expired at the time of the accident. As stated earlier, the Ministry could not insure the whole fleet of vehicles due to lack of financial resources. However, a police report was obtained soon after the accident and the accident had also been reported to the Standing Accidents Board.

Your Committee wonders why all these documents were not availed to the Office of the Auditor-General during the audit process. The Controlling Officer is urged to ensure that the documents are verified by the Office of the Auditor-General.

(iii) Toyota Prado-ABH 7751

The Controlling Officer informed your Committee that the Toyota Prado ABH 7751 had been taken to Good Day Motors for repairs after it developed compression problems. However, the vehicle had since been towed back to the Ministry and was currently parked at the Department of Water Affairs. The vehicle was not worked on and, therefore, the Ministry did not owe the garage any money.

Your Committee notes the submission and resolves to close the matter.

(d) Provincial Water Office-Western Province

The Controlling Officer explained that the diversion of the funds towards arrears owed to a Contractor was done to avoid accruing interest on the unpaid money and avoid litigation. A sum of K154,760,000 was paid, leaving a balance of K45,240,000 which was used to carry out a partial rehabilitation of Kalale dam.

Your Committee is disappointed that the Provincial Office decided to misapply the money on other activities without seeking Treasury authority and cautions the Controlling Officer to desist from this practice as it is against the provisions of the Financial Regulations. They urge the Controlling Officer to budget for the Kalale Dam so that it can be fully rehabilitated. They await a progress report on the matter.

MINISTRY OF HOME AFFAIRS-NATIONAL REGISTRATION

AUDIT QUERY		PARAGRAPH	15
Programmes:	Various		
Activities:	Various		

Irregularities in Accounting and Contract Management

17. An examination of accounting and other records maintained at the Ministry Headquarters, National Registration and Immigration carried out in March 2010, revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unsupported Payment Vouchers: K596,047,619

The Controlling Officer informed your Committee that fifty vouchers amounting to K463,015,169 were now supported leaving a balance of thirty-eight vouchers' amounting to K133, 032, 450. Efforts are being made to trace the supporting documents for the remaining payment vouchers.

Your Committee notes that the Ministry has a serious record keeping problem which needs to be urgently resolved. They urge the Controlling Officer to apply herself diligently to this matter to put control measures in place to correct the situation. Further, the Controlling Officer should ensure that the missing documents in respect of K133,032,450 are traced and availed for audit verification, subsequent to which the matter should be closed.

(b) Non-Recovery of Loans and Advances: K340,142,660

The Controlling Officer informed your Committee that out of the total of K340,142,660 un-recovered loans and advances, a total of K66,600,000 of loans and advances had been recovered from officers' salaries, leaving a balance K273,542,660. The unrecovered loans and advances were obtained by officers who were not on the headquarters payroll. Letters had been written to the various departments to effect deductions immediately. The letters, pay slips, schedules and copies of inputs were available for verifications.

Your Committee is concerned with the laxity shown by the Ministry in effecting the recoveries on the loans and advances from the officers, as the Controlling Officer took so long to write the letters on the recoveries to various departments. Your Committee resolves to await a report on the recoveries and urges the Controlling Officer to ensure that evidence of recoveries already effected is availed to the Office of the Auditor-General for verification.

(c) Imprest

(i) Unretired Imprest: K46,568,606

The Controlling Officer informed your Committee that out of K49,280,664 unretired imprest and not K46,5768,506 as reported, K29,759,224 had since been retired leaving a balance of K19,521,440 unretired. The unretired imprest would be recovered from the salaries and benefits of officers concerned. Letters had been written to the concerned officers.

Your Committee, urges the Controlling Officer to immediately initiate recoveries of all imprest not yet retired in accordance with the Financial Regulations, and advises that writing of letters to such officers is not necessary. Evidence of the recoveries should be availed to the Office of the Auditor-General for verification. They await a progress report on the matter.

(ii) Questionable Retirement of Imprest: K17,847,210

The Controlling Officer informed your Committee that examination of the questionable receipts was undertaken and, as a result, the officers whose retirements were not acceptable, would have these amounts recovered from their salaries or benefits. Letters had been written to the concerned officers.

Your Committee notes that in addition to the recoveries, disciplinary action should be taken against the officers in question for being dishonest in their retirements. They await a progress report on the matter.

(iii) Non Submission of Retirement Details: K78,214,883

The Controlling Officer informed your Committee that it was regrettable that there were no retirement details involving K78,214,883. Retirement details for imprest amounting to K73,464,883 had been traced and were available for verification. The balance of K4,750,000.00 would be recovered from the benefits and salaries of the officers concerned as per attached letters and inputs.

Your Committee observes that the response that was earlier availed to the Office of the Auditor-General that K82,119,883 had been retired was incorrect and urges the Controlling Officer to be factual in her responses. Your Committee recommends that the retirement details should be availed to the Office of the Auditor-General for verification.

(d) Unaccounted for Funds - Mobile Registration: K300,000,000

The Controlling Officer informed your Committee that out of the K300,000,000 paid to six officers for fuel and contingencies, disposal details amounting to K265,000,000 had been submitted, leaving a balance of K35,000,000. The outstanding amount of K35,000,000 was still being followed up.

Your Committee observes the submission and requests the Controlling Officer to have the disposal details verified by the office of the Auditor-General. The remaining documents should also be traced without further delay. They await a progress report on the matter.

(e) Bank Reconciliation - Unidentified Funds Transfers

The Controlling Officer informed your Committee that out of the amount totalling K259,937, 640 involving twenty-two transactions which were unidentified transfers, thirteen transactions amounting to K151,115,000 had been identified, leaving a balance of K108,822, 640 which were still being followed up with the bank. A letter had been sent to the bank to give the progress on this matter. As soon as the details were availed to the Ministry, they would be presented for verification.

Your Committee agrees with the audit observation that if the Ministry were regularly reconciling their books this problem would not have arisen. Your Committee, therefore, urges the Controlling Officer to improve controls in the accounting section so that reconciliation of books is done as required forthwith. Further, they urge the Controlling Officer to take disciplinary action against the officers who were responsible for the failure to carry out the routine reconciliation. They await a progress report on the matter.

(f) Overpayments to Suppliers: K64,622,232

The Controlling Officer explained to your Committee that the amount of K34,622,232 was recovered from P. Tito from the payment of subsequent LPOs which were still outstanding. As regards Tulyovwe, she explained that it was regrettable that the supplier was overpaid by K20,000,000 and the reason could have been poor record keeping. The supplier had paid a sum of K4, 000,000 on General Receipt number 0330010 leaving a balance of K16, 000,000. The maintenance of database had since been transferred to the Accounts Section from the Procurement Section. She further submitted that it was regrettable that Fexlink Enterprises was overpaid by K10,000,000. The supplier had since refunded the sum of K10,000,000 on General Receipts No. E0330013 dated 29 November, 2010.

Your Committee finds the explanation by the Controlling Officer untenable and unacceptable as generally when records are missing no payments should be made until an investigation has been carried out. Your Committee, therefore, expresses its deep disappointment with the manner in which the Controlling Officer is handling public funds as she does not appear to be in full control of the financial operations of her Ministry. They strongly urge the Controlling Officer to put strict controls in place if the situation is to be brought under her control in the Ministry. Your Committee will await progress reports on the full recovery of the overpayments.

(g) Unaccounted for Stores

(i) Books Costing K27,500,000

The Controlling Officer informed your Committee that the stores items worth K27,500,000 were delivered. The supplier Government Printing Department had issued an advice of printing note.

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

(ii) Beans Valued at K29,041,500

The Controlling Officer confirmed that there was a shortfall of 5,095kg of beans valued at K29,041,500 and requested the Commissioner of Prisons to explain what happened.

Your Committee expresses concern that the Controlling Officer did not investigate this matter during the audit process and urges her to provide a progress report without further delay.

(iii) Missing Receipt and Disposal Details: K885,455,438

The Controlling Officer informed your Committee that the receipt and disposal details costing K885,455,438 for items bought by various departments which had not been adequately supported were now available for verification.

Your Committee urges the Controlling Officer to improve stores management and general record-keeping in the Ministry. Further, they urged her to avail the traced documents for verification, subsequent to which the matter should be closed.

(iv) Missing Receipt and Disposal Details: K125,834,783

The Controlling Officer informed your Committee that fuel costing K125,834,783 which had no receipts and disposal details had now been updated and records are now available for verification.

Your Committee urges the Controlling Officer to improve stores management and general record keeping in the Ministry. Further, they direct the Controlling Officer to avail the traced documents for verification, subsequent to which the matter should be closed.

MINISTRY OF HOME AFFAIRS – PASSPORT & CITIZENSHIP

AUDIT QUERY	PARAGRAPH	16
Programme: General Administration		
Activities: Issuance of Machine Readable Passports		

Weaknesses in the Personalised Passport System (PPS)

18. An evaluation of the PPS and other records maintained at Headquarters in Lusaka and production centres in Livingstone and Ndola and physical inspection carried out in April and May 2010, revealed several irregularities and the Controlling Officer responded as set out below.

(a) Lack of IT Strategic Plan and ICT Policy

The Controlling Officer informed your Committee that the ICT Policy was introduced in the country after the system was already in operation. There was no specific document outlining the same. However, reference was made to the National Security Policy Document on the Strategic Plan for the Ministry of Home Affairs and the document was available for scrutiny.

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

(b) Failure to Provide Documents

The Controlling Officer informed your Committee that the document which contained the user requirements, system specifications and tender documents were available for verification. These documents included the bidding documents and contract document.

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

(c) Contract Management -Passport Issuing System

(i) Failure to Submit the Contract to the Attorney General

The Controlling Officer informed your Committee that it was regrettable that the passport issuing system contract was not submitted to the Attorney General on time. However, the contract was subsequently forwarded to the Attorney General for scrutiny as per procedure and it had been signed. A copy of the signed contract was available for verification.

Your Committee notes that this is not an ordinary omission, but a serious Constitutional breach and strongly cautions the Controlling Officer against taking such a *laissez faire* attitude towards her work. Your Committee wishes to clearly state that they will not tolerate such disregard for established procedures, rules, regulations, laws and even the Constitution itself and the Controlling Officer must henceforth adhere to the law. Your Committee also stresses that retrospective authority is no authority at all, meaning that her Ministry has abrogated the law with impunity. The Controlling Officer is urged to ensure that the relevant documents are verified.

(ii) Omission of Retention Fee Clause in the Contract

The Controlling Officer informed your Committee that there was an omission of the Retention Fee Clause in the Contract. However, that was supplemented by the warrant period of one year as stipulated in the maintenance contract.

Your Committee notes that if the contract had been referred to the Attorney General's Chambers for review and advice, the omission would have been noticed and addressed. Your Committee requests that the documents be presented to the Auditor-General for verification.

(iii) Lack of Change Management Procedures

The Controlling Officer informed your Committee that there were system administration manuals which outlined the procedure and requirements on how to administer the system on a daily basis and procedures to carry out changes. These were all stipulated in the maintenance contract.

Your Committee is concerned that the Controlling Officer appears to be defending the omissions and irregularities committed by her Ministry and urge her to take heed of the Auditor-General's advice. Your Committee emphasises that the Controlling Officer must forthwith find ways of putting in place the controls proposed by the Auditor-General in order to ensure that the Government, through her Ministry, gets the maximum benefit of the contract. They await a progress report on the matter.

(d) Lack of Maintenance Contracts

The Controlling Officer informed your Committee that it was regrettable that the maintenance Contract was not availed to the auditors at the time of audit inspection as it was forwarded to the Ministry of Justice for scrutiny.

Your Committee resolves to close the matter after audit verification of the availability of the contract.

(e) Failure to Automate Vital Business Processes

(i) Issuance of Passports Using Travel Document Receipt Number

The Controlling Officer informed your Committee that it was regrettable that the passport officers captured the K70,000 receipts when processing passports for applicants who paid at the old rate. This was at the time when the new fees were just introduced. However, all the fifteen applicants were made to make additional payments of K250,000 to meet the revised new passport fees of K350,000. The receipts were available for verification.

The penalty fee for a lost passport was K100,000. The applicant was supposed to pay passport fee of either K350,000 (for 32 pages) or K520,000 (for 48 pages) in addition to the penalty fee before the passport is processed. The system cannot accept any fee which is less than K320,000.

Your Committee notes the submission and requests the Office of the Auditor-General to verify the response, subsequent to which the matter should be closed.

(ii) Issuance of Passports using any Numbers

The Controlling Officer informed your Committee that the receipt numbers S111111, F1111111, and F7777777, which were off sequence, were for applicants who paid at *Zambian Missions Abroad*. It was also established with the Ministry of Finance and National Planning (MoFNP) that the receipts were genuine Official Government Receipts despite being off sequence.

Your Committee notes the submission and requests the Office of the Auditor-General to verify the response before the matter is closed.

(iii) Processing of Multiple Transaction Using One Receipt Number

The Controlling Officer informed your Committee that the passport system was designed to accept the usage of one receipt for more than one application in the issuance of a passport. The practice of using one receipt on more than one application was based on family members who applied for passports at the same time under one record (file) and this had since been discontinued. As for the twenty nine receipts which reflected less than the fees required for processing passports, investigations were being carried out to find out what happened.

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

(iv) Passport issued without a Receipt Number

The Controlling Officer submitted that every field in the system had to be entered before a passport was produced. The field for the general receipt was used for making enquiries and collections of passports. However, it was regrettable that the officer omitted this field. In order to ensure that passports were not issued without a receipt, the general receipt field in the systems would be made mandatory.

Your Committee urges the Controlling Officer to present to the Auditor-General the relevant documents for verification and await a progress report on the issue of making the general receipt field mandatory.

(f) Segregation of Duties

The Controlling Officer informed your Committee that there was no structure for the Information Technology (IT) Unit in the Department of National Registration, Passport and Citizenship, the function of IT was undertaken by the Home Affairs Research and Information Department (HARID) which was tasked with the responsibilities of IT and the security nature of the installations in the Ministry of Home Affairs. The Systems/Database Administrator was currently supervised by the Deputy Director IT who was based at HARID. However, plans were underway to create a specific IT Unit structure for the Department.

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

(g) Lack of Supervision on the Operation of the Personalised Passport System

The Controlling Officer informed your Committee that the Assistant Registration Officers (AROs) operated the system at the three issuing centres namely Lusaka, Ndola and Livingstone in processing and production of passports under the supervision of Senior Officers. Further, Senior Officers in Lusaka had been given passwords to access the system whenever need arose. The Senior Officers in Ndola and Livingstone would be given profiles once they were trained.

Your Committee will await a report on the involvement of senior officer in the automated system.

(h) Physical Access and Information Processing Facility (IPF)

According to CoBIT, an entity should translate business, risk and compliance requirements into an overall IT security plan, taking into consideration the IT infrastructure and security culture. A physical inspection of the server rooms in the production sites in Lusaka, Ndola and Livingstone revealed the following:

(i) Exposure of Server to Possible Floods

The Controlling Officer informed your Committee that management observed the need to raise the platforms of all the servers at the three locations even before the audit was conducted, and the process to procure the platforms was underway.

Your Committee will await a progress report on the raising of the server platforms.

(ii) Lack of Power Generator and Uninterrupted Power Supply (UPS) for the Servers

The Controlling Officer informed your Committee that plans were underway to procure generators once funds were available. Meanwhile, servers were equally mounted with inbuilt UPS facilities which allowed the System Administrator to secure all works and allow smooth shutdown.

Your Committee resolves to await a progress report on the procurement and mounting of generators as recommended by the auditors.

(iii) Lack of Fire Fighting Equipment

The Controlling Officer informed your Committee that the Department had serviced the firefighting equipment at the three production centres namely Lusaka, Ndola, and Livingstone.

Your Committee resolves to close the matter subject to audit verification that the firefighting equipment is in working condition.

(i) Poor User Account Management

The Controlling Officer informed your Committee that the matter had since been addressed and the system no longer accepted more than three attempts of logging in. The system also logged out users once it was idle for more than five minutes.

Your Committee notes the submission and resolves to close the matter subject to audit verification.

(j) Lack of a Business Continuity Plan (BCP) and Disaster Recovery Centre (DRC)

The Controlling Officer informed your Committee that the Ministry had plans to put the Business Continuity Plan (BCP) in place. The Department was also currently working on the modalities of setting up a recovery centre for the Passport Issuance System.

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

(k) Lack of Insurance Cover for IT Equipment

The Controlling Officer stated that the maintenance contract had been signed and plans were underway to insure the equipment.

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

(l) Inappropriate Configuration of Key Fields - National Registration Numbers (NRC)

The Controlling Officer informed your Committee that with regard to specification requirements for the Zambian Personalised Passport System, the National Registration Card (NRC) number was the key field which identified personal and birth details for

individuals in the system. It was not possible to process a passport without an NRC number. Most of those applications which were reflected were for minors who needed to use parents' NRCs for processing passports since they had not attained the age of 16 years to acquire NRCs.

Your Committee notes the submission and resolves to close the matter subject to audit verification.

(m) Failure to Operationalise Photo Capturing Facility

The Controlling Officer informed your Committee that she had written to the Ministry of Finance and National Planning on the proposed chargeable official fees for photo capturing facilities for the mounted cameras at Lusaka, Ndola and Livingstone, and the response is still being awaited.

MINISTRY OF FOREIGN AFFAIRS

AUDIT QUERY	PARAGRAPH	17
Programmes:	Various	
Units:	Various	
Activities:	Various	

Accounting Irregularities

19. An examination of accounting and other records maintained at the Ministry carried out in March, 2010 and verifications made in May, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unsupported Payments: K98,070,985

The Controlling Officer reported that out of the nine payments, supporting documents for eight payments totalling K95,220,985 had since been located and submitted to the office of the Auditor-General for verification.

Your Committee urges the Controlling Officer to ensure that supporting documents for the remaining one payment is located. Thereafter, all the documents should be presented to the Auditor-General for verification, subsequent to which the matter should be closed.

(b) Unaccounted for Stores

The Controlling Officer reported that the Procurement and Supplies Unit had updated the records regarding assorted stores items costing K640,554,118 procured during period under review.

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

(c) Non Recovery of Loans and Advances

The Controlling Officer reported that recoveries had commenced. Your Committee is concerned with the speed and timing of loan and advance recovery deductions, especially that these were only effected after the audit query. Your Committee

further notes that there was generally poor record-keeping by the staff in the Ministry and call upon the Controlling Officer to monitor of the financial operations of the Ministry. Clearance of audit query will await verification by the Auditor-General that the full amount of the salary advance has been recovered.

(d) Failure to Deduct 10% Contribution-K296,224,681

The Controlling Officer reported that the Ministry had effected the deductions of 10% of basic pay to all the officers who were accommodated in institutional and Government rented houses. However, this was discontinued through Payroll Management and Expenditure Control (PMEC) following a Cabinet Circular No 13 of 2010 which suspended the recoveries until the review exercise was completed.

Your Committee resolves to close this matter.

(e) Irregular Payments of Housing Allowances

The Controlling Officer submitted that the Ministry had effected the deductions of housing allowances irregularly paid to Diplomatic staff in Missions Abroad and some copies of pay slips were submitted to the Office of the Auditor-General for verification.

Your Committee urges the Controlling Officer to mete out disciplinary action against all officers who facilitated the irregular payments and requests the Auditor-General to verify the response by the Ministry. Thereafter, the matter should be closed.

MISSION ABROAD – LUBUMBASHI

AUDIT QUERY

PARAGRAPH 18

Programmes: Various
Activities: Various

Accounting and Other Irregularities

20. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unaccounted for Stores Items-K95,246,828 (US\$23,182)

The Controlling Officer reported that the Mission had opened a Stores Register and receipt and disposal details in respect of assorted stores items procured during the period under review had been entered as per with Public Stores Regulations.

Your Committee urges the Controlling Officer to ensure that this does not recur and to censure the officers responsible for the omission. Your Committee resolves to close the matter subject to audit verification.

(b) Non Insurance of Motor Vehicle

The Controlling Officer reported that most of the Ministry's properties in Lubumbashi were not insured due to the unreliable services offered by the Insurance Companies. She, further, said that all the Mission vehicles had been insured with Zambia State Insurance, Chingola Branch. With regard to the vehicle that was damaged in an accident, she said the Ministry was making arrangements with the Treasury to have the vehicle boarded and replaced because the cost of repairing at K105,271,527 was too high. The Mission was yet to submit a mechanical report in order to facilitate authority for disposal from the Treasury.

Your Committee notes the submission, but resolves not to close the matter until it is conclusively dealt with. They await a progress report on the matter.

(c) Mission Properties

(i) Failure to Replace Title Deeds

The Controlling Officer reported that the Mission was still consulting the Katanga Provincial Authorities on the replacement of the title deeds because the quotation of US\$49,750, given as legal fees was very exorbitant.

Your Committee resolves to await a progress report on the replacement of the title deeds.

(ii) Poor Maintenance of Properties

The Controlling Officer submitted that the Ministry could not undertake the necessary rehabilitation works due to inadequate release of funds for rehabilitation of properties at Headquarters and Missions Abroad. She noted that for the years 2008 to 2011 a total budget provision of K1,907,530,125 was made out of which only K905,453,898 was released leaving a balance of K1,002,076,227.

Your Committee urges the Controlling Officer to bring the issues of inadequate releases to the attention of the Secretary to the Treasury so that the properties in question can be attended to in order to avert further deterioration. They await a progress report on the matter.

(iii) Rehabilitation Works

▪ **Inadequate Budget Provisions**

The Controlling Officer agreed with the audit observation that the budget provision was not adequate to carry out the works. She said the works were to be carried out in phases starting with the official residence in accordance with the available funds. However, the poor release of funds contributed to the failure by the Mission to pay the contractor.

With regard to the lack of expert supervision of works, the Controlling Officer said the matter was referred to the Ministry of Works and Supply and a team of experts from that Ministry had gone to the Mission to evaluate the works both at the Chancery and Residence. They were yet to submit a report on the matter.

Your Committee reiterates that the Controlling Officer must adhere to the provisions of item (i) of sub-section (3) of section 7 of the *Public Finance Act, 2004*, which prohibits committing Government to expenditures in excess of money appropriated by Parliament. Your Committee notes that failure to adhere to the provisions of the *Public Finance Act* attracts penalties as provided for at section 51 of the said Act. Your Committee, therefore, cannot appreciate the reasons the Ministry did not ensure that adequate budgetary provisions were made prior to entering into the contract. Your Committee emphasises that the project must be completed as soon as possible and resolves to await a progress report on the matter following the visitation of a team from the Ministry of Works and Supply.

MISSION ABROAD – LONDON

AUDIT QUERY	PARAGRAPH	19
Programmes:	Personal Emoluments General Administration Utilities Political and Economic Relations Infrastructure Development Dismantling of Arrears	
Activities:	Various	

Accounting and Other Irregularities

21. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Failure to Obtain Authority for Retention of Funds

The Controlling Officer submitted that the Ministry had requested for retrospective authority from the Treasury for retention of the funds.

Your Committee advises the Controlling Officer to avoid engaging in irregularities in future and resolves to close the matter once evidence of the Treasury authority is presented for audit verification.

(b) Insurance of Buildings

The Controlling Officer reported that although the properties had not been revalued in the last ten years, the premiums for the properties kept on rising from year to year because in London, insurance companies usually increased the level of insurance cover from the previous year by a margin that mirrored the increase in building and construction costs including fees that had accrued during the preceding twelve months. Value Added Tax (VAT) was also factored in if there was an increase and, therefore, all these costs were eventually passed on to clients. This was what kept the premiums being adjusted upwards over the years.

The Controlling Officer, however, explained that the Mission had since engaged a company to undertake the revaluation of the properties, and this had since been done.

Your Committee notes the submission and resolves to close the matter subject to audit verification.

(c) Property Management

In her submission to your Committee, the Controlling Officer explained that due to financial constraints, the rehabilitation of the Residence and the property at 13 Foscoote Road could not be done. However, some works were scheduled to commence in 2011 following the inclusion of K400 million in the budget for rehabilitation of properties. As for the property at 12 Chelmsford Square, she noted that it was currently under renovations following the authority granted by the Secretary to the Treasury to use revenue amounting to US \$180,976.

Your Committee notes the submission and resolves to await a progress report on the pending and on-going works on the two properties.

MISSIONS ABROAD-DAR-ES-SALAAM

AUDIT QUERY

PARAGRAPH 20

Programmes: Various
Activities: Various

Accounting and Other Irregularities

22. An examination of accounting and other records maintained at the Ministry Headquarters and a visit to the Mission in May, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Revenue - Rent Arrears

The Controlling Officer informed your Committee that the Mission had made proposals to increase rentals for all tenants from US\$10 per square metre to US\$17 per square metre. The adjustment was in the process of being implemented. On the rental arrears owed by Vertex Financial Services, the Controlling Officer said that the Mission carried out reconciliations and discovered that the total amount owed was actually US\$15,854 and the amount had since been cleared.

Your Committee directs that all documents pertaining to outstanding rentals be submitted for verification, subsequent to which this aspect of the query could close. Your Committee further resolves to await a progress report on the implementation of the revised rentals.

(b) Expenditure

(i) Unauthorised Payments to Zambians Stranded in Tanzania: K7,209,792

The Controlling Officer submitted that one of the functions of the Missions Abroad under consular matters was to provide relief, repatriation and burial of destitutes, which was budgeted for annually. The Mission, therefore, performed its consular duties by repatriating the stranded Zambian nationals to whom they had to provide meals and accommodation as well.

In closing the matter, your Committee urges the Controlling Officer to ensure that queries of this nature are resolved during the audit process by giving necessary explanations and relevant documents to the auditors during that process. Your Committee resolves to close the query subject to audit verification.

(ii) Failure to Refund the Air Ticket Fare

The Controlling Officer submitted that the Mission had sent reminders to the Ministry of Local Government and Housing for a refund but the amount had not yet been paid.

Your Committee wonders what authority the Mission used to pay for the ticket on behalf of another Ministry. Your Committee calls upon the Controlling Officer to take appropriate disciplinary action against the officers involved in this matter at the Mission. Your Committee also warns the Controlling Officer against such unlawful practices in future. Your Committee, further, urges the Controlling Officer to ensure that the refund is obtained without further delay. The Auditor-General is requested to verify the submission.

(iii) Rehabilitation of Mission Properties

• **Rehabilitation of Staff Houses**

○ **House # 36 Ada Estate**

The Controlling Officer stated that the wardrobes were just varnished, the new door hinges were of poor quality, the air conditioners replaced were only four instead of six. The contractor was requested to install the remaining two air conditioners.

○ **House # 22 Ocean Drive**

The Controlling Officer submitted that the rehabilitation had been done although there were a few problems observed, the contractor had hence noted them and was expected to take action.

○ **House # 350 Lugalu**

The Controlling Officer submitted that the rehabilitation was done, the remaining problems were on sanding the parquet floor and polishing, the air conditioning was operational, the toilet leakage on the ground floor was yet to be worked on. The contractor was immediately required to

correct the wiring from two phase to three phase to facilitate adequate supply of power into the house as was the case before.

- **House # 517**

The Controlling Officer informed Your Committee that the rehabilitation to this unit had not commenced.

- **House # 396 Drive**

The Controlling Officer explained that the rehabilitation to this unit had not commenced.

- **The Residence**

The Controlling Officer submitted that the all problems noted by the audit team in 2010 had since been worked on.

- **The Chancery Building**

The Controlling Officer explained that the building required rehabilitation especially the ground, first, second and third floors in order to match them with the fourth floor. Meanwhile, the rentals for the tenants on first and second floors could not be revised because the offices had old tiles, old paint and most doors are worn out.

The leaking on the roof annex of the Chancery which had caused damages to the ceiling on the ground floor was due to old pipes from the first and second floors which had corroded due to rust.

She submitted further that the Mission paid a sum of US\$75,366.50 to CSI installations to supply a new elevator for the Mission. This involved dismantling the old one and replacing it with the new one. Although payment was made in December, 2008, the company took long to deliver it because they had to start assembling its mark, and ship it into Dar-es-Salaam. After installation, it was discovered that a knob had not been fixed to regulate the movement of the lift up and down, and this caused the lift to shut down frequently. The lift was operational. The Mission wrote to the company to authorise the supply of the elevator but there was no contract signed by both parties.

In May, 2009, the Mission engaged Messrs Sumbala Enterprises to carry out a water reticulation service, at the contract sum of K44,556,379.00 (Tsh 10,821,000.00). At the time the audit team was in Dar-es-Salaam, there was a water supply problem with Dawasco, a water provider, and due to that problem, the tanks installed by Sumbala could not pump adequate water into the main building (Chancery). The situation had since improved, and there was adequate water.

The generators procured in 2006 for the Chancery and the Residence were to mitigate the constant power outages that were still affecting Dar-es-Salaam. The generator at the Chancery was being worked on and serviced. The non-operational condition was due to non-service as well as lack of a switch off cable button at the time of installation. The supplier had since put this in place.

The Controlling Officer further explained that out of the total amount of K4,437,423,461 which was released by the Ministry of Foreign Affairs in 2008 for the rehabilitation of staff houses and the Residence, the Mission engaged a consultant in August, 2008 to supervise the works and paid him a total of K265,993,957(US\$73,175.78) as consultancy fee.

The consultancy fees paid out were for three different rehabilitation works as set out below:

- (i) the fourth floor of the Chancery – US\$26,112;
- (ii) the the Residence – US\$38,693.15; and
- (iii) for all the six Mission houses – US\$43,835.60 was paid in 2009.

The Controlling Officer further stated that the contractor had not completed the rehabilitation of two of the houses under (c) because they had to re-do most of the works done in the four units that they had completed so far. The additional costs that the contractor incurred and was claiming came about because after he contractor went through to assess all the houses, he found that he had under-quoted the cost. Secondly, although the contractor had handed over the completed four houses, there was still a lot of work to be re-done.

The Controlling Officer added that completion certificates for the additional costs had since been sent to the Ministerial Tender Committee for approval and of additional funding.

Your Committee observes that the monitoring and supervision of the rehabilitation works in the Mission is inadequate mainly due to lack of expertise to supervise the works effectively. Your Committee notes that absence of expertise to adequately negotiate the contracts was leading exorbitant contract fees being accepted. Your Committee further finds the explanation for under quoting of some of the works by the contractor very strange and unacceptable. Your Committee stresses that there is need for all such contracts to be negotiated carefully and with due care in order to avoid the pitfalls associated with unrealistically low quotations by contractors.

In this case, your Committee recommends that the contractor must be held liable upon the contract he entered into with the Mission. Your Committee also notes that there are a lot of outstanding works and urges the Controlling Officer to ensure that all works that have been paid for are completed. Thereafter, the Controlling Officer should invite the Office of the Auditor-General to undertake verifications of the matter. Your Committee will await a progress report on all these matters.

MISSION ABROAD – KINSHASA

AUDIT QUERY

PARAGRAPH 21

Programmes: Various
Activities: Various

Accounting and Other Irregularities

23. An examination of accounting and other records maintained at the Ministry of Foreign Affairs Headquarters and the Mission carried out in May, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unaccounted for Revenue: K8,704,395 (US\$1,647)

The Controlling Officer submitted that the Mission had verified with the bank to ascertain whether the amount of K8,704,395 (US\$1,647) had been deposited. The amount could not be traced on the bank statements as evidence of depositing and that investigations were underway to ascertain the matter. When asked further what the Ministry was doing to the officers involved, the Controlling Officer said that the Accountant responsible had since been transferred to Russia, but investigations had started.

Your Committee is dissatisfied with the manner in which the issue has been handled by the Ministry. Your Committee emphasises that this was a straight forward issue of non-banking and theft which warranted investigations by the relevant investigative wings of Government. The Ministry must, therefore, immediately report the matter to the Zambia Police for necessary action. Meanwhile, administrative action should immediately be taken against the officer involved in this matter. Your Committee will await a progress report on the matter.

(b) Expenditure

(i) Unaccounted for Bank Transfers:

The Controlling Officer submitted that the Mission had checked with the Bank and found that the amount of K8,704,395 (US\$1,647) was not deposited and investigations were being undertaken.

Your Committee expresses concern that action was only being taken after the matter was raised in the Auditor-General's report and urges the Controlling Officer to strengthen internal controls to avert similar irregularities. Your Committee resolves to await a progress report on the matter.

(ii) Unaccounted for Stores: K43,167,500 (US\$9,600) and K208,173,750 (US\$43,829)

The Controlling Officer submitted that the Mission had reported that out of the US\$2,121 (K11,209,485) attributed to misappropriation by the former Accounts Clerk, a total of US\$1,979 (K10,459,015) was refunded in cash and deposited into the Revolving Fund Account. Documents were submitted in this regard. The balance of US\$142 (K750,470) was recovered from the erring officer's monthly salary.

As for the US\$8,000 (K42,280,000) issued on cheque number 338302/1 and US\$15,291 (K80,812,935) issued on cheque number 338349 and meant for the Defence and Revolving accounts respectively, the Controlling Officer informed your Committee that details of their deposits could not be traced. As in the case of unaccounted for revenue, investigations were underway to ascertain the matter.

The Controlling Officer also submitted that the Mission had opened the fuel register and official log book as recommended by the Auditor -General, and that the Stores Register had also been opened and updated, indicating the receipt and disposal details.

Your Committee once again expresses concern with the manner in which the Ministry is handling issues of missing documents involving such large sums of tax payers' money. Your Committee recommends that the Controlling Officer immediately take disciplinary action against the erring officers and provide a progress report on the matter.

(iii) Missing Payment Vouchers on Revolving Fund Account: K87,058,100

The Controlling Officer reported that out of the eleven missing payment vouchers on the revolving fund account, six vouchers amounting to US\$21,483 were located leaving a balance of five totalling US\$17,156.

Your Committee urges the Controlling Officer to work closely with the Mission to ensure that measures are put place to improve record-keeping at the Mission. They also urge the Controlling Officer to ensure missing vouchers in respect of the balance of five totalling US\$17,156 are located and availed to the Office of the Auditor-General for verification.

(iv) Unmarked Furniture and Office Equipment

The Controlling Officer submitted that all the furniture and equipment at the Chancery had since been labelled with a GRZ stamp for ease of identification. The Mission was also in the process of labelling GRZ furniture at the Ambassador's Residence.

Your Committee notes the submission and resolves to close the matter.

(v) Mission Properties - House No. 15 Yandonge Binza/Pigeon

The Controlling Officer submitted that a Quantity Surveyor and a Structural Engineer from the Ministry of Works and Supply had gone to the Mission to assess the works and to work out a Bill of Quantity. The Ministry of Foreign Affairs was awaiting the report which would form the basis for contractors to bid for the works at this property.

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

MISSION ABROAD – GABORONE

AUDIT QUERY

PARAGRAPH 22

Programme: Various

Activities: Various

Accounting and Other Irregularities

24. An examination of accounting and other records maintained at the Ministry of Foreign Affairs Headquarters and the Mission, carried out in May, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unrecovered advance-K27,300,000 (P39,000)

The Controlling Officer submitted that the education advance in question, amounting to K27,300,000 (P39,000) paid to the High Commissioner was fully recovered and details were submitted to the Office of the Auditor-General for verification.

Your Committee resolves to close the matter subject to audit verification. The Controlling Officer is, however, cautioned to desist from making irregular payments.

(b) Mission Properties

(i) Construction of a House at 262 Kgali

▪ Delay in Project Implementation

The Controlling Officer reported that the delay in commencing the construction the house was caused by the need to observe tender procedures. The project had, however, been finalised except that electricity had not yet been connected. The house was expected to be handed over as soon as power was connected.

Your Committee notes the submission and requests a progress report on the connection of power to the property, subsequent to which the matter should be closed.

▪ Misapplication of Funds: K792,043,200

The Controlling Officer submitted that the funds utilised by the Mission from the project funds were only being borrowed for emergencies and the funds had since been reimbursed as the project was completed and awaiting power connection.

Your Committee expresses concern at the casual attitude taken by the Controlling Officer to this serious breach of Financial Regulations. Your Committee urges the Controlling Officer to provide proof of Treasury authority to the Auditor-General for verification, subsequent to which the matter should be closed.

(ii) Plot No. 1118 and 1119 - Main Mall

The Controlling Officer informed your Committee that due to budgetary constraints, it had not been possible to rehabilitate most of the properties in Missions Abroad although efforts were continuing to follow up the matter with the Treasury.

Your Committee urges the Controlling Officer not to relent but to continue engaging the Treasury to release funds to address the defective buildings.

MISSION ABROAD - STOCKHOLM

AUDIT QUERY

PARAGRAPH 23

Programmes: Various

Activities: Various

Accounting and Other Irregularities

25. An examination of accounting and other records maintained at the Ministry's headquarters and at the Mission carried out in May, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Irregular Payment of Telephone Allowances

The Controlling Officer submitted that the total amount of US\$1,600 was recovered from the Head of Mission in two installments for the months of August and September, 2010. The details were submitted to the office of the Auditor-General for verification.

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

(b) Unaccounted for Stores-K46,952,353 (US\$8,844)

The Controlling Officer submitted that at the time of audit for the period under review, there was no proper system for stores keeping as observed by the Auditors. However, the Mission had since put a system in place, opened Registers and was properly accounting for the stores items.

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

(c) Property Management

The Controlling Officer submitted that the works at the Mission could not commence without tender authority. The Mission had submitted the relevant tender documents, and was awaiting authority to engage a contractor.

Your Committee expresses concern on the likelihood of further deterioration to the property due to the delays and that it will be a greater cost to the Government accordingly. They urge the Ministry to urgently pursue the issuance of the tender authority so that the works can proceed. They await a progress report on the matter.

MISSIONS ABROAD- MAPUTO

AUDIT QUERY		PARAGRAPH	24
Programmes:	Various		
Activities:	Various		

Accounting and Other Irregularities

26. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in May, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Revenue

The Controlling Officer submitted that the original copies of cancelled receipts were sent to the Ministry Headquarters. However, the receipts could not be located and efforts were being made to locate them between the Mission and Headquarters. In the case of the funds that were transferred from the Revenue account to the Main account, she stated that the funds had not yet been reimbursed due to inadequate funding on RDCs. The funds would be reimbursed to the Revenue account when adequate resources were available.

Your Committee observes that the Mission breached Financial Regulations when they transferred funds the Revenue Account without authority and urges the Controlling Officer to deduct the money from future disbursements to the Mission. Your Committee resolves not to close the query until the missing receipts are found and the reimbursement of the K86,928,000 is made and verified.

(b) Cash Refunds to Members of Staff-K118,345,807 (US\$24,038.95)

The Controlling Officer submitted that the Mission had reported to her office that all cash refunds to the officers were supported with receipts showing proof of payment before the officers were refunded.

Your Committee expresses strong concern over the unacceptable attitude exhibited by the Controlling Officer towards breach of Financial Regulations by officers in the Missions Abroad. Your Committee implores her to instil discipline in all officers involved in the financial operations of the Missions Abroad and acquit herself by performing her functions in accordance with the *Public Finance Act* and the financial regulations. Your Committee, further, notes that Government procurement and payment procedures are very clear and should not be abrogated with impunity as appears to be the case at this Mission. In light of the above, your Committee calls upon the Controlling Officer to take disciplinary action against all officers involved in the irregularity cited above. Your Committee will await a progress report on this matter.

(c) Properties

(i) Rua Alfonso Henriques No. 20, High Commissioner's Residence

The Controlling Officer reported that the building was currently under renovations.

Your Committee notes the submission and resolves to close the matter.

(ii) Kenneth Kaunda Avenue No.1286 Sommerschild - Chancery

The Controlling Officer submitted that renovations had commenced at the Residence and that routine maintenance on the property at Kenneth Kaunda Avenue would be undertaken as soon as funds were made available.

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

(d) Nine Storey Building

The Controlling Officer submitted that the nine storey building had been repossessed by the host Government and that the funds meant for renovation of the building were being channeled towards renovations of the official residence.

Your Committee expresses concern that the Government continued to release funds for a project which was not being implemented. Your Committee requests the Controlling Officer to submit for verification proof that authority was obtained to use the money on another project, subsequent to which the matter should be closed.

(e) Locally Engaged Staff Litigations

The Controlling Officer submitted that the Ministry, through the legal officers in liaison with the Ministry of Justice, were studying the case and would advise the Mission on how to proceed.

Your Committee observes that the longer it takes to act on the matter, the more likely it is that the case will attract interest and further litigation and that this could be embarrassing for the Zambian Government. Your Committee, therefore, urges the Controlling Officer to urgently follow up the issue with the Ministry of Justice and submit a progress report on actions being taken to address the matter.

MISSION ABROAD – WINDHOEK

AUDIT QUERY

PARAGRAPH 25

Unit: Administration

Accounting and Other Irregularities

27. An examination of accounting and other records maintained at the Ministry headquarters and a visit to the Mission carried out in May, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Failure to Collect Rentals

The Controlling Officer submitted that it was true that three tenants who had since vacated the premises did not pay their rentals amounting to K47,859,300 (N\$77,820). She stated that the Mission was in the process of engaging a credible debt collector to collect the amounts outstanding.

Your Committee urges the Controlling Officer to ensure that the Mission collects the outstanding rentals and provide a progress report to your Committee.

(b) Unretired Imprest - K11,430,931

The Controlling Officer submitted that all imprest amounting to K11,430,931, had since been retired.

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

(c) Unsupported Payments-K30,300,776 (N\$52,193)

The Controlling Officer submitted that the supporting documents were at the Mission and would be available for inspection once they were received by the Ministry.

Your Committee expresses grave concern over the fact that the Mission did not make the documents available during the audit process. Your Committee calls upon the Controlling Officer to sensitise the officers in the Mission to cooperate with the Auditors in accordance with the law. Your Committee resolves to await a progress report on the matter.

MISSION ABROAD -BRUSSELS

AUDIT QUERY		PARAGRAPH	26
Programmes:	General Administration		
	Political and Economic Relations		
Activities:	Various		

Accounting and Other Irregularities

28. A scrutiny of accounting and other records maintained at the Ministry Headquarters and the Mission conducted in May, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Under Banking of Cash Collections-K15,339,483 (€2,675)

The Controlling Officer submitted that the under banking at the Mission was caused by the refunds to applicants whose application not were effected because of cancellations and were not recorded. This was because the Embassy did not place a disclaimer on the website indicating that once fees were paid no refunds could be claimed. The situation had since been corrected and no refunds were being done.

Your Committee wishes to find out why refunds were effected without being recorded and urges the Controlling Officer to institute disciplinary action against the officers responsible for the breach of Financial Regulations. The Auditor-General's Office is requested to verify the action by the Controlling Officer.

(b) Expenditure

(i) Failure to Enter into Contracts

The Controlling Officer submitted to your Committee that the Mission had reported to the Ministry that the circumstances under which the repairs were done was urgent; it was, therefore, difficult to enter into contracts. The repairs done to the heating system could not wait because temperatures in the host country were too low. Further, the roof at the Chancery, which was blown off by the storm, had to be attended to immediately to avoid further damage to the property as the snow on the roof was melting through to other floors of the Chancery.

The Controlling Officer added that in accordance with the law and practice of Belgium, when quotations were approved by a client, they legally constituted a contract.

Your Committee notes the submission and requests that all the relevant documents be presented to the Auditor-General for verification, subsequent to which the matter should be closed.

(ii) Failure to Recover Advance-K76,433,821 (€11,000)

The Controlling Officer submitted that the Ministry of Agriculture and Cooperatives to which the officer was transferred effected the deductions of K318,474.26 per month from December, 2010. However, due to non-availability of an appropriate deduction code, the deduction was reflected as car loan, recoverable in 240 months.

Your Committee expresses concerns over the Controlling Officer's statement that there is no appropriate deduction code for salary advances. Your Committee does not believe that this statement is factual and warns the Controlling Officer that the statement could amount to a misleading statement made to your Committee. Your Committee wishes to emphasise that it is unacceptable for an officer to obtain a salary advance and pay it back, essentially as a car loan, over a period of twenty years as opposed to the six months prescribed in the Conditions of Service. Your Committee, therefore, recommends that the Controlling Officer liaise with her colleague at the Ministry of Agriculture and Cooperatives and make arrangements to have the salary advance recovered in six months in accordance with the said conditions of service without further delay. Your Committee will await a progress report on the matter.

(iii) Rehabilitations of the Official Residence - 260 Dreve Richele

The Controlling Officer informed your Committee that, in accordance with the law and practice of Belgium, quotations for projects comprised the bill of quantities, terms, conditions and obligations of the two parties including the time frame and schedule for the start, duration and handover of the project. Accordingly, the practice was that when the quotations were approved by a client, the quotations legally constituted a contract.

While noting the submission by the Controlling Officer, your Committee advises her to ensure that Zambian laws and regulations are followed to the letter in all financial transactions instead of citing the laws of other jurisdictions. Further, in future, contracts should be designed to satisfy the requirements of the funding (Zambian) Government.

Your Committee also requests that the Controlling Officer provide a satisfactory response regarding the overpayment of K100,499,022.

(iv) Repair works on the central heating system at a sum of K116,040,815 (€15,190).

The Controlling Officer submitted that works on the heating system by Laclerg Patrick were authorised by the Ministry headquarters in response to an emergency due to power outage at the Residence during the months of November and December, 2008, which was the period of severe winter in Europe. The scope of works on the heating system did not include electricity outage which was caused by weakened wiring done in the 1940s when the electricity standard in Belgium was different.

The extra work caused an overpayment of K14,183,561 (€3,453) which the Ministry was regularising. She further submitted that the contractor who was engaged to work on the heating system and electricity left the project after completing his work. However, due to the old age of the house, a number of problems were encountered which required a massive overhaul.

The Controlling Officer added that due to the poor state of the property, the Ambassador was going to continue staying in a rented property until the Official Residence was rehabilitated.

Your Committee notes that due to poor management of contracts, involving construction works by the Missions Abroad and the Brussels Mission in particular, a lot of money is being paid without achieving the desired results. Your Committee notes sadly that despite money being paid to rehabilitate the official Residence, it has still remained inhabitable. Your Committee urges the Controlling Officer to engage the Ministry of Works and Supply to find a lasting solution to the shoddy works and put in place measures to improve the management of contracts by the Mission. Your Committee will await a progress report on the completion of the works in question as well as the outcome of consultations with the Ministry of Works and Supply.

MISSION ABROAD-HARARE

AUDIT QUERY

PARAGRAPH

27

Programmes: Various

Activities: Various

Accounting and Other Irregularities

29. An examination of accounting, stores and other records maintained at the Ministry Headquarters and the Mission carried out in May, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Misappropriation of Revenue

The Controlling Officer submitted that an analysis of revenue collections for the period 2008 and 2009 was submitted to the Office of the Auditor-General for verification. Revenue for 2009 was analysed and reconciled to the bank deposits and the matter was subsequently closed, while the revenue collections for 2008 had also been analysed and Ministry was ready for audit verification.

Your Committee notes the submission and requests the Office of the Auditor-General to undertake audit verification of the submission before the matter can be closed.

(b) Failure to Produce General Receipt Books for Audit

The Controlling Officer submitted that out of the ten receipts books, nine were located and were forwarded to the office of the Auditor-General for verification through minute MFA/71/22/20C dated 19 November, 2010. The Mission was still making efforts to locate the remaining receipt book serial number 1935951 to 1935600.

Your Committee expresses concern at poor record keeping at the Mission and urges the Controlling Officer to take concrete steps to prevent the recurrence of similar queries in future. They also urge her to ensure that the receipt book that has remained missing is located and availed to the Office of the Auditor-General for verification, subsequent to which the matter should be closed.

(c) Unretired Imprest-K561,006,391 (US\$130,967)

The Controlling Officer reported that the total imprest issued in the period under review was US\$ 120,158.91 in respect of eighteen officers. Of this amount, US\$ 62,508.14 had been retired leaving a balance of US\$ 57,575.77 yet to be retired.

Your Committee urges the Controlling Officer to reconcile the figures with the Office of the Auditor-General and immediately initiate deductions from the salaries of officers who have not yet retired the imprest. They await a progress report on the matter.

(d) Unsupported Payments

The Controlling Officer submitted the following as the status of unsupported payments for goods and services for the period 2008 and 2009:

Year	Amount US\$	Located US\$	Balance
2008	94,976.47	215.00	94,761.47
2009	9,379.41	60.00	9,319.41
Total	104,355.88	275.00	104,080.88

She further stated that the Mission was making efforts to locate the remaining supporting documents.

Your Committee expresses concern with the rampant poor record-keeping and lack of controls at the Mission. Your Committee urges the Controlling Officer to institute corrective measures without undue delay. Your Committee urges the Controlling Officer to immediately institute recovery of all unretired imprest without fail from the concerned officers. She is also urged to ensure that the remaining documents in respect of US\$ 104,080.88 are located and availed for audit verification. Your Committee will await progress reports on these matters.

(e) Unauthorised Excess Engagement of Locally Engaged Staff (K42,711,075 (US\$11,354) in 2008 and K1,630,250 (US\$350) in 2009)

The Controlling Officer submitted that the Mission had an establishment of seventeen locally engaged staff. She told your Committee that two of the four additional staff included in the audit query were employed by the Defence Attaché as per his entitlement. They were not supposed to have been included on the Ministry of Foreign Affairs establishment. She added that the other two locally engaged staff were engaged as relief workers to sit in for the staff who had proceeded on leave.

Your Committee notes the explanation but are of the view that appropriate authority should have been sought before engaging the excess staff to avoid incurring irregular expenditures. Your Committee, therefore, urges the Controlling Officer to initiate recovery of the irregular payments from the Defence Attaché. As regards the temporary staff, your Committee emphasises the need for the Mission to adhere to laid down procedures in engaging such staff. Your Committee will await a progress report on these matters.

MISSIONS ABROAD-BERLIN

AUDIT QUERY

PARAGRAPH 28

Programmes: Various

Activities: Various

Accounting and Other Irregularities

30. An examination of accounting and other records maintained at the Ministry's headquarters and at the Mission carried out in May, 2010, revealed several irregularities and the Controlling Officer responded as set out below.

(a) Expenditure

(i) Irregular Engagement of Casual Workers-K22,006,612 (€5,782.84)

The Controlling Officer submitted that the Head of Mission engaged casual workers to cut grass at the Chancery because it was cheaper than hiring a company. She said the Mission had, nonetheless, stopped engaging children of diplomats from the time the query was initially raised in 2008. She added that it was now a requirement at the Mission that declaration of interest was made if such a service was to be provided by a relative and that a service agreement should be entered into.

Your Committee considers this a very serious irregularity and is of the view that sinister motives cannot be ruled out. Your Committee, therefore, recommends that the Controlling Officer refers this matter to the relevant law enforcement agencies for further investigations and action. Your Committee, further, urges the Controlling Officer to strongly caution staff in all Missions Abroad against engaging in such practices in future. Your Committee will await a progress report on the matter.

(ii) Weaknesses on Accounting for Fuel

The Controlling Officer submitted that, following the query, the Mission had devised a system where Mission vehicles were only refuelled once a week in the presence of the Transport Officer to ensure proper control. A register was also maintained and was used to reconcile with the monthly fuel invoices issued by the filling station.

Your Committee resolves to close the matter subject to the audit verification of the new control measures that had been put in place.

(b) Properties

(i) Vor Schorhor 23 Berlin-Pankow

The Controlling Officer submitted that the building could not be sold in the recent past due to the global financial crisis which had resulted in lowered property

values. Had the property been sold during this period, it was going to be sold at a very low price resulting in loss to the Government. She, however, said the Mission was making efforts to have the building sold so that a new Chancery could be purchased.

Your Committee urges the Controlling Officer to treat this matter with urgency so as to avert further expenditures of a similar nature. Your Committee will await a progress report on the matter.

(ii) Repairs on the Ambassador's Residence

The Controlling Officer submitted that out of a total amount of K92,236,125 indicated on the schedule, it had been discovered that the K9,043,553 (€1,700.00) paid to Malerbetrieb Gunther Schimberg was mistakenly entered to have been paid twice. The figure was only paid once on 18th March, 2008 and not twice as it appeared on the audit schedule. The balance of €2,29.64 was paid on 6th May, 2008 as correctly stated by the audit team. The Controlling Officer, further, stated that the query had also been raised during the 2008 audit and it was successfully responded to and recommended for closure.

Regarding the K54,258,443.00 (€8,146.00) which was used to paint the Ambassador's residence following the departure of the previous Ambassador, the Controlling Officer said that the contract was signed and available for verification. She, however, said the Mission had taken note of the concern by the audit team with regard to the other minor works for which there were no formal agreements. She assured Your Committee that in future, formal service agreements would be entered into with small works contractors.

Your Committee requests Controlling Officer and to ensure that the practice is discontinued forthwith. Your Committee also requests the Office of the Auditor-General to verify the submission.

MISSION ABROAD - GENEVA

AUDIT QUERY	PARAGRAPH	29
Programmes: Personal Emoluments		
General Administration		
Utilities		
Political and Economic Relations		
Dismantling of Arrears		
Activities: Various		

Accounting and Other Irregularities

31. An examination of accounting and other records maintained at the Ministry headquarters and the Mission and a physical inspection carried out in May, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Delays in Banking Revenue: K83,832,465 (US\$18,303.48)

The Controlling Officer submitted that it was true that there were delayed bankings at the Mission during the period under review. The Mission had since made corrections to this issue by transferring the responsibility of making daily banking from the Second Secretary (Personal Secretary) to the First Secretary (Accounts).

Your Committee notes that the Controlling Officer has not provided an explanation for the delays in banking revenue. Therefore, your Committee recommends that the Controlling Officer should take appropriate disciplinary against the officers who failed to bank revenue in accordance with the financial regulations. They await a progress report on this matter.

(b) Failure to Obtain Authority for Retention of Funds-K1,376,226,747 (SFr377,669.25)

The Controlling Officer submitted that the reported amount of K1,376,226,747, which was retained and carried forward by the Mission was received at the end of the year 2008 for Personal Emoluments (PEs) and RDCs. She said the remittances were done by the bank on 29th December, 2008.

Your Committee notes the explanation but advises that the Controlling Officer should have written to the Secretary to the Treasury to seek retrospective authority to retain the funds. Your Committee urges the Controlling Officer to normalise the retention of the funds by following the laid down procedures. Once the procedures are complied with, all the relevant documents should be presented to the Auditor-General for verification, subject to which the matter should be closed.

(c) Irregular Payment of Baggage Entitlement

The Controlling Officer submitted that the two officers mentioned in the report were paid their exact entitlements of baggage except that the baggage entitlement was paid directly to the officers instead of the shipping company. The officers had since been requested to submit the receipts to acquit the payments which would then be availed to the Auditor-General for verification.

Your Committee expresses concern at the practice of paying this amount directly to the officers. Your Committee calls upon the Controlling Officer to ensure that all Missions Abroad are reminded that this is irregular and should be discontinued forthwith. Further, the Controlling Officer should immediately take appropriate disciplinary measures against the officers responsible for this irregularity at the Geneva Mission. Your Committee will await a progress report on the matter.

(d) Overpayment of Subsistence Allowances

The Controlling Officer submitted that it was true the four recalled officers were correctly paid five nights allowances as per Foreign Service Regulation No 60 but were wrongly paid two nights transit allowances. She added that the Ministry was going to institute recoveries from the officer's salaries.

Your Committee urges the Controlling Officer to institute recovery of the K18,432,000 wrongly paid without undue delay and provide evidence to the Office of the Auditor-

General for verification. They also urge her to take appropriate disciplinary measures against the officers responsible for the overpayments to the four recalled officers.

(e) Irregular Payment of Transit Allowances-K19,937,980 (US\$4,830)

The Controlling Officer submitted that it was true that the officers were overpaid and that the Ministry was in the process of instituting deductions from the officers' salaries.

Your Committee expresses concern over this practice and urges the Controlling Officer to take appropriate disciplinary action against the authorising officers who facilitated these payments. Your Committee will await a progress report on all these matters.

(f) Irregular Payment of Foreign Service Allowances

The Controlling Officer submitted that following the officer's appeal to the Ministry to defer the recoveries due to his financial plight, the Ministry considered his appeal and decided that the total amount of US\$10,761 should be recovered from his gratuity upon completion of his tour of duty.

Your Committee expresses concern over the fact that the Mission could pay allowances to an officer who was not entitled contrary to the Foreign Service Regulations. Your Committee also expresses concern that officers at the Mission were resisting the Controlling Officer's instruction to recover the wrongly paid allowances from the officer even after the Secretary to the Cabinet refused to allow the officer's appeal against such recovery. Your Committee stresses that it is the Controlling Officer's duty to ensure that Foreign Service and all other applicable Regulations are strictly adhered to in all the financial dealings of the Missions Abroad and the Geneva Mission should be no exception in this matter. Your Committee reiterates that failure to adhere to the Regulations should henceforth attract disciplinary action. Your Committee, therefore, urges the Controlling Officer to immediately commence recovery of the irregularly paid funds from the Personal Emoluments funding to the Mission and to initiate disciplinary action against officers who authorised these irregular payments. Your Committee will await a progress report on the recovery of US\$10,761.

(g) Unretired Imprest-K139,792,581 (US\$31,955.58)

The Controlling Officer submitted to your Committee that imprest amounting to US\$ 18,829 had since been retired leaving a balance of US\$15,157 unretired.

Your Committee urges the Controlling Officer to immediately commence recovery of the outstanding amount of unretired imprest. Evidence of the recoveries should be availed to the office of the Auditor-General for verification.

(h) Unrecovered Salary Advance-K6,546,200 (SFr1,500)

The Controlling Officer submitted that the balance of K6,546,200 would be deducted from the former Deputy Permanent Representative's salary.

Your Committee cautions the Controlling Officer against waiting until matters are before the National Assembly before dealing with them. Your Committee requests that evidence

of the recovery of the advance to the Auditor-General for verification. They will await a progress report on the matter.

(i) Wasteful Expenditure on Non Functional Alarm System: K13,962,240

The Controlling Officer submitted that the Mission had engaged a security company ADSI Fonti SA to install a Security System. However, the system developed a fault in September, 2009 for which the Mission sought assistance from a service provider, ABT Survelec, who did an assessment and recommended for repairs to be carried out. ABT Survelec offered to look for spares for the system but were unable to find the spare parts. As a result, the assessor advised the Mission to replace the entire system.

She added that the services of the security company ADSI SA could not be terminated when the alarm system developed a fault due to contractual obligations, which required each party to give three months notice in the event that either party wanted to terminate the contract. However, ADSI Fonti SA offered to cancel the contract on condition that the US\$4,800 that was outstanding by 31st December, 2009 could be settled by 30th April, 2010. The amount had since been paid and the matter settled.

Your Committee notes the submission and urges the Controlling Officer to encourage the Head of Mission to deal with such matters expeditiously in order to avoid unnecessary losses of public funds. Your Committee, however, resolves to close the matter.

(j) Inadequate Furniture at the Residence

The Controlling Officer submitted that the Mission was going to procure furniture in the 2011 budget. Financial constraints made procurement impossible in the 2010 budget.

Your Committee urges the Controlling Officer to deal with the furnishing of the Ambassador's residence as a matter of urgency. However, your Committee resolves to close the matter subject to audit verification once the Residence has been appropriately furnished.

MISSION ABROAD – PRETORIA

AUDIT QUERY

PARAGRAPH 30

Programme: Various
Activities: Various

Accounting and Other Irregularities

32. An examination of accounting and other records maintained at the Ministry and a visit to the Mission in May, 2010, revealed several irregularities and the Controlling Officer responded as set out below.

(a) Understating of Revenue Collections-K143,085,493

The Controlling Officer informed your Committee that the total revenue collection for the year ended 31st December, 2009 was ZAR 2,045,320.59 (Zambian Kwacha

1,348,234,426.51) at the exchange rate stated in the report and as captured by both copies of the bank statements and revenue cash books. She said this was against a total collection and receipting of ZAR2,011,613 ZMK1,326,015,057), resulting in an over-banking of ZAR33,707.59 (ZMK22,219,369.51).

She explained that the overbanking arose from transactions relating to applications for new passports. Applicants for change of passports in areas remote from Pretoria were advised to make online payments or bank transfers into the Mission account. The general revenue receipts were issued upon proof of payment by copy of deposit slips or amount appearing in the bank statement against the depositor's reference. As a result, the said deposits could not be found in the Mission's bank deposit books because the Mission was only depositing cash amounts and cheques collections from applicants at the Chancery.

She, therefore, submitted that there was no under-banking of Government revenue for the period under review. Rather, there was an over-banking of ZAR33,707.59 (ZMK22,219,369.51).

Your Committee requests the Controlling Officer to present necessary documents to the Office of the Auditor-General so that reconciliation of the records can be undertaken. Your Committee will await a progress report on the matter.

(b) Unsupported Payments-K55,241,582 (ZAR37,808)

The Controlling Officer submitted that supporting documents to the direct debits which were mentioned in the Auditor-General's Report were still at the Mission and would be available for inspection once received by the Ministry. The rest of the debits included day-to-day services offered to the Mission as per signed contracts with the service providers and these fluctuated in amount from time to time.

Your Committee urges the Controlling Officer to ensure the said missing documents are quickly availed for audit verifications subsequent to which the matter should be closed.

(c) Unaccounted for Stores-K23,168,882

The Controlling Officer submitted that most of the transactions had receipts and tax invoices. She, however, added that the Mission had noted the recommendation of the Auditor-General's Report and they had since opened fuel ledgers and stores ledgers ready for inspection.

Your Committee urges the Controlling Officer to ensure disposal details in respect of stores items costing K23,168,882 are traced and made available to the Office of the Auditor-General for verification, subsequent to which the matter should be closed.

MISSION ABROAD – PARIS

AUDIT QUERY

PARAGRAPH 31

Programmes:	Personal Emoluments General Administration Utilities Political and Economic Relations Dismantling of Arrears
Activities:	Various

Accounting and Other Irregularities

33. An examination of accounting and other records carried out in May, 2010 at the Ministry headquarters and a visit to the Mission revealed several irregularities and the Controlling Officer responded as set out below.

(a) Utilisation of Revenue without Authority-K27,988,748 (€5,331.19)

The Controlling Officer submitted that the sum of \$5,331.19 was part of \$24,000.00 from Cabinet Office which was held in the Revenue Account for refund of Security Deposit for an apartment which was occupied by the First Family during the illness of the late President. The funds, which were paid by the imprest carrier from Cabinet office, were deposited in the Revenue Account for fear of misapplication if deposited in the Operations Account.

She informed your Committee that during the course of the illness of the late President, hired vehicles for State House staff were booked for various traffic offences such as over-speeding and wrong parking, and payments of these fines were made from the same money. The balance that remained amounting to €19260.09 was sent back to Cabinet Office. She, therefore, submitted that since the funds were from Cabinet office and did not comprise part of the Revenue funds in the Account, the Mission did not have to obtain authority from the Permanent Secretary, Ministry of Foreign Affairs when executing on behalf of Cabinet Office.

Your Committee expresses grave concern at this explanation as it appears that the Controlling Officer does not appreciate that the separation of the Revenue Account from the Operational Account is a control measure. Your Committee reiterates that the requirement to obtain authority from the parent Ministry was even greater in this case because the Mission was taking custody of funds from another Government department. Your Committee urges the Controlling Officer to regularise the irregular transactions and provide all necessary documents to the Auditor-General for verification, subsequent to which the matter should be closed.

(b) Failure to Obtain Authority for Retention of Funds-K49,776,698 (€8,742.34)

The Controlling Officer submitted that the remittances for PEs and RDC's for December, 2008 were done at the end of the month of December, resulting in the Mission making payments in the following year.

Your Committee is of the view that the Controlling Officer should still have sought the authority from the Secretary to the Treasury to retain the money. Your Committee

recommends that the Controlling Officer immediately regularises the funding and avail all the relevant documents to the Auditor-General for verification, subsequent to which the matter should be closed.

(c) Irregular payment of baggage entitlement-K253,609,987 (€53,678)

The Controlling Officer submitted that it was correct that the baggage entitlements, although correctly paid according to entitlements, were erroneously paid directly to the officers. She, however, said one Officer who was transferred submitted the receipts amounting to €8,640 (K51,418,454.00) to acquit the payment, while the other three officers were yet to submit their receipts totalling €33,900 (K202,191,532).

The Controlling Officer is urged not to relent, but to pursue the matter until the remaining receipts are surrendered and availed to the Office of the Auditor-General for verification. The Controlling Officer is also urged to take disciplinary action against the staff who authorised the irregular payments. They await a progress report on matter.

(d) Failure to recover insurance payments made on behalf of officers

The Controlling Officer submitted that the Mission paid the shippers on behalf of the former Ambassador who was recalled in February, 2008 the sum of €2,441.57 as 50% of insurance. She added that the Mission also paid the shippers the sum of €441.50 as 50% insurance for another member of the Mission staff when he was transferred from Paris to Abuja in August, 2009. She said both the former officers had been informed and the Mission was awaiting their responses.

As for the officer who was transferred to Geneva in October, 2009, and for whom the Mission had paid the shippers the sum of €105.00 as 50% of insurance, Your Committee was informed that the amount had since been paid back at general receipt number 0848199.

Your Committee re-emphasises that the Controlling Officer must ensure that the Missions Abroad adhere to the Foreign Service Regulations and pay only what officers in the foreign service are entitled to. Your Committee urges the Controlling Officer to expedite recovery of the funds. Your Committee particularly recommends that for officers, who are still serving in the public service, the recoveries should be done at source before the funding is sent to their new duty stations. The Controlling Officer is requested to submit a progress report on the outstanding recoveries.

(e) Irregular Payment of Transit Allowances-K5,786,990

The Controlling Officer submitted that it was true that transit allowances were erroneously paid to the officers by the Mission.

Your Committee urges the Controlling Officer to ensure that the allowances are recovered from the concerned officers and appropriate disciplinary action taken against the officers who authorised the payments. Evidence of these actions should be availed to the Office of the Auditor- General for audit verification.

(f) Unretired Imprest-K31,206,792 (€4,845.53)

The Controlling Officer submitted that all the imprest had since been retired.

Your Committee closes the matter subject to audit verification.

(g) Unrecovered Salary Advances-K45,614,276(€7,688)

The Controlling Officer submitted that out of the advance of €7,688 issued, €3000 had been recovered leaving a balance of €4,688 yet to be recovered.

Your Committee urges the Controlling Officer to immediately commence recovery of the balance of €4,688 in accordance with the conditions of service and present all the documents relating to the recovered amount for verification. Your Committee resolves to await a report on the recoveries.

(h) Payment of Utility Bills

The Controlling Officer submitted that the Ambassador had since paid back the total amount through monthly deductions.

Your Committee cautions the Controlling Officer against allowing such blatant disregard of the Foreign Service Regulations, especially with regard to the use of public funds, and reiterate that appropriate disciplinary action be meted out against officers who perpetrate such acts. Your Committee, however, resolves to close the matter as soon as the documents showing the recoveries are submitted for audit verification.

(i) Furniture not Inscribed with GRZ Numbers

The Controlling Officer submitted that the Mission had since marked all furniture both at the Chancery and the Residence with a GRZ stamp for identification.

Your Committee notes the submission and resolves to close the matter, subject to audit verification.

(j) Properties Management (The Chancery -18 Avenue De Tourville, 75007 Paris and the Official Residence: Plot No. 51- Ronte De Montesron)

The Controlling Officer submitted that the Mission was constrained with finances and would engage the Secretary to the Treasury to facilitate funding to repair the properties.

Your Committee will await a progress report on the matter.

MISSION ABROAD – ROME

AUDIT QUERY	PARAGRAPH	32
Programmes:	Personal Emoluments General Administration Utilities Political and Economic Relations Dismantling of Arrears	
Activities:	Various	

Accounting and Other Irregularities

34. An examination of accounting and other records maintained at the Ministry headquarters and the Mission and a physical inspection carried out in May, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Delays in Banking Revenue-K94,285,033 (€14,779.55)

The Controlling Officer responded that the delays were caused by the fact that the officer responsible for banking was on leave during the period in question. The bank did not allow any other person to deposit the funds other than the designated officer.

Your Committee finds it unacceptable that necessary arrangements were not made to introduce a stand in officer to bank before the designated one proceeded on leave. The matter is, nevertheless, recommended for closure.

(b) Failure to Obtain Authority for Retention of Funds: K1,645,690,458

The Controlling Officer submitted that the Ministry requested for retrospective authority from the Treasury which had since been included in 2010 supplementary as carry over funds.

Your Committee notes the submission and resolves to close the matter.

(c) Overpaid Telephone Allowances

The Controlling Officer explained that the deductions had since been effected.

Your Committee reiterates its concerns over the repeated blatant disregard of the Foreign Service Regulations by Mission staff and implores the Controlling Officer to take appropriate disciplinary action against the officers who authorised these irregular payments. Your Committee recommends that evidence of the recoveries be availed to the Auditor-General for verification. They will await a progress on the disciplinary action to be taken by the Controlling Officer.

(d) Unutilised Funds

The Controlling Officer informed your Committee that the swimming pool had since been fully rehabilitated and was operational.

Your Committee urges the Controlling Officer to ensure that funds, once released, are utilised promptly for the intended purpose. Your Committee resolves to close the matter subject to audit verification.

(e) Unclaimed Rental Security Deposits: K38,160,006 (€7,200)

The Controlling Officer stated that so far only €2000 had been recovered of the total of €7,500.

Your Committee expresses grave concern at the failure by the Mission to obtain a refund in a timely manner from the landlord. Your Committee once again urges the Controlling Officer to ensure that the Mission recovers all the funds that were due to be recovered and provide documentary evidence to the office of the Auditor-General for verification. They will await a progress report on the matter.

(f) Furniture not inscribed with GRZ Numbers

The Controlling Officer submitted that all furniture at the Mission had since been stamped with a GRZ stamp for identification.

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

MISSIONS ABROAD – TRIPOLI

AUDIT QUERY	PARAGRAPH	33
Programmes:	Personal Emoluments	
	General Administration	
	Utilities	
	Political and Economic Relations	
Activities:	Various	

Accounting and Other Irregularities

35. An examination of the accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

Failure to Obtain Authority for Retention of Funds

The Controlling Officer explained that the Mission requested for retrospective authority from the Treasury to retain the unspent balances at the close of the financial year.

Your Committee resolves not to close the matter until Treasury authority is availed to the Office of the Auditor-General for audit verification.

MINISTRY OF INFORMATION AND BROADCASTING SERVICES

AUDIT QUERY		PARAGRAPH	34
Programmes:	Various		
Activities:	Various		

Accounting and Other Irregularities

36. An examination of accounting and other records maintained at the Ministry Headquarters and ZANIS carried out in August, 2010, revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unsupported Payments-K1,521,416,621

The Controlling Officer submitted that the copies of supporting documents which were not presented at the time of the audit because they were not attached to the payment vouchers, but filed separately were now available for audit scrutiny.

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

(b) Loans and Advances-K273,400,000

The Controlling Officer reported to your Committee that the Ministry had started recovering all loans and advances. With regard to the three officers who resigned in July and August, 2009, and had outstanding balances on loans and advances totalling K65,215,530, the Controlling Officer submitted that the three Officers who resigned during the period in question, had not been paid their terminal leave dues due to the non-funding of the other Personal Emoluments funds, where the Ministry could have deducted the owed amounts. He, however, said that letters had been written to the institutions where they were working so that refunds could be made, but no refunds had been received yet.

Your Committee requests the Office of the Auditor-General to verify the commencement of the recoveries, after which the matter should be closed. Further, your Committee advises the Controlling Officer to ensure that recoveries are effected as soon as the funds for the terminal benefits for officers who resigned are made available. Your Committee will await a progress report.

(c) Weaknesses in Management of Imprest

(i) Unapproved Imprest Forms: K529,415,000

The Controlling Officer submitted that at the time of audit, the forms were, indeed, not approved by the Head of the Department, but he added that the issue had since been normalised and approved forms were available for verification.

In closing the matter, your Committee cautions against repeating the same mistake in future.

(ii) Unretired Imprest: K384,388,349

The Controlling Officer submitted that the figure of K384,388,349 which was reflected as unretired, had since been reduced to K247,700,000. He confirmed that subsequent imprests were given when previous retirements were being processed.

Your Committee expresses concern at the manner the Controlling Officer has handled the issue of imprest, especially that Financial Regulations providing for retirement of imprest within 48 hours have not been adhered to. As the balance of K247,700,000 is too large, your Committee urges the Controlling Officer to immediately commence recovery of the outstanding imprest and submit a progress report on the matter. Your Committee further calls for seriousness and commitment by the Controlling Officer to clear the audit query. They await a progress report on the outstanding balance.

(iii) Questionable Retirements-K115,299,752

The Controlling Officer submitted that, following the audit query, his office wrote surcharge letters to all the officers concerned. The officers were given fourteen days in which to provide proper retirement details, failure to which accounts had been instructed to recover the monies from the concerned officers. He said for the officers who had provided proper details, the records were ready for verification.

Your Committee wishes to find out why the Controlling Officer did not report the officers to the law enforcement agencies and take appropriate disciplinary action against the officers, upon discovering that the retirement details provided were not correct, as this amounted to fraud. Your Committee urges the Controlling Officer to take disciplinary action against the officers concerned. They await a progress report on the matter.

(iv) Non-Submission of Retirement Details-K37,975,000

The Controlling Officer submitted that the imprest issued to three officers amounting to K37,975,000 was retired and properly filed. The documents were ready for verification.

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

(d) Weaknesses in Management of Stores

(i) Undelivered Stores-K39,110,000

The Controlling Officer submitted that the supplier had been written to concerning the issue and advised to either deliver or refund the Ministry. The matter had since been referred to the Ministry of Justice for further guidance. In addition, the Supplies and Purchasing Officer had been cautioned not to pay suppliers before delivery of items.

Your Committee implores the Controlling Officer to ensure that appropriate disciplinary action is taken against the officers involved in this irregularity. Your Committee will await a progress report on the matter.

(ii) Goods without Receipt and Disposal Details: K76,048,000

The Controlling Officer submitted that the disposal details and receipts for K76,048,000 had been retrieved and were ready for verification.

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

(iii) Inflated Prices

The Controlling Officer reported to your Committee that the supplier had been written to and informed about the discrepancy in his pricing. He added that the supplier had been asked to pay back the difference of K27.9 million, but he had not responded. The matter had since been referred to the Ministry of Justice.

Your Committee was informed after further inquiry, that the officer had been charged for buying from an expensive source instead of the then cheaper prevailing market price.

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

(e) Questionable Fuel Drawings: K11,361,235

The Controlling Officer submitted that the officers involved had been written to concerning the anomaly. To deter officers from repeating such acts, the Controlling Officer added that he had directed deductions or recoveries of money. He said the documents were ready for verification by the Auditors.

Your Committee expresses concern at the action taken by the Controlling Officer over a case of pure theft. Your Committee urges him to take stern disciplinary action against the officers for what was purely theft of public funds, and further that the matter should be reported to the police for prosecution. They await a progress report on the matter.

(f) Inventory not inscribed with GRZ numbers

The Controlling Officer submitted that the Ministry had on several occasions written to the Ministry of Works and Supply inviting them to go and encode the equipment that the Ministry had purchased. He, however, added that the exercise had since been done by officers from ZANIS, Graphics Section.

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

(g) Misapplication of Funds: K1,169,219,676

The Controlling Officer submitted to your Committee that K3,345,000,000 was remitted to ZNBC for procurement and maintenance of FM Transmitters while K756,503,009 was retained by the Ministry for some needy areas due to erratic funding for general administration.

Your Committee is concerned at the way funds were varied by the Ministry without seeking authority from the Secretary to the Treasury. Your Committee strongly cautions

the Controlling Officer to desist from this practice in future. They urge the Controlling Officer to correct the anomaly through seeking retrospective Treasury authority.

(h) Wasteful Expenditure

(i) Misuse of Telephone Facilities

The Controlling Officer reported to your Committee that a cheque of K31,614,473.58 million was paid to ZAMTEL for all the lines under the Ministry on 15 December, 2008. However, the cheque was dishonored on 24 December, 2008 and the Ministry was surcharged a K300,000, which was added to the original amount. He, further, said that ZAMTEL posted the total cheque amount to one telephone line, which was the Deputy Minister's line for January, 2009. The Controlling Officer, therefore, submitted that there was no misuse of telephone facilities as indicated in the query. All the bills on the mentioned line plus additional bills for subsequent months amounted to K47.8 million.

Your Committee calls upon the Controlling Officer to cooperate with the audit teams when they visit his Ministry to avoid such unnecessary queries. However, your Committee is not convinced by the explanation of the Controlling Officer and advises him to avail the documents to the Auditor-General for verification.

(ii) Contract with Coppernet Solutions

The Controlling Officer submitted that the training in question, was done in an effort to make the wireless communication more effective by the use of the BGAN, hence the expenditure of K167.6 million. In an effort to justify expenditure on the training in question, the Controlling Officer explained that when BGANs were introduced in 2008, the Ministry was procuring airtime from the BGAN Suppliers. He, further, added that the terms were that unused airtime could not be used in the following month. Unused airtime was being forfeited if it remained unused for that particular month. He said users had difficulties using BGANS, and in some cases there was a general misuse of airtime, hence the need to conduct the workshop to sensitise users on how to use the equipment.

The Controlling Officer further submitted that the situation had since changed. The Ministry had discontinued buying airtime from the initial supplier, due to the high rate of their airtime charges, and identified another supplier. He, however, added that the Ministry was aware that other companies were offering even lower rates of BGAN airtime. He said that BGANS were in good operational state, but could not work without airtime, as they worked on the same technology as cellular phones, which required airtime before using it.

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

(i) Failure to take Disciplinary Action

The Controlling Officer reported to your Committee that, as earlier stated in the status report, the Ministry was still waiting for the Standing Accidents Board to respond to their submission to surcharge the officer.

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

(j) Decentralisation of the Printing Press-Poor Planning

The Controlling Officer submitted that the unfinished building for the printing press in Chipata, was what led to the procurement of containers. The Chipata printing press was supposed to be housed using an existing building there, but due to the nature of the printing press, it was discovered that it needed to be on a stronger foundation. It was then agreed that a new and strong building was to be built. The Controlling Officer added that efforts were being made to have the buildings for both Kasama and Chipata completed. The Ministry had repeatedly profiled the funding details, accompanied by letters of appeal to the Permanent Secretary (Budget Office) to fund the construction programme, which had a budget of K2 billion in 2010, but funds had not yet been released.

The Controlling Officer added that the contract warranty was expiring in November, 2011, but if the funds were to be released in time, the contractor was still bound and there was time for the installation to take place.

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

MINISTRY OF LOCAL GOVERNMENT AND HOUSING

AUDIT QUERY

PARAGRAPH 35

Units: Various
Programmes: Various
Activities: Various

Accounting and Other Irregularities

37. An examination of accounting and other records maintained at the Ministry headquarters and visits to Masaiti, Kitwe, Mongu, Kaoma, Serenje, Nakonde and Mpika carried out in May 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unretired Imprest: K442,736,328

The Controlling Officer explained that unretired imprest was K255,046,640 issued to twenty seven officers. This amount would be recovered from the salaries of the remaining affected officers.

Your Committee finds the failure by the Ministry to adhere to regulations on the retirement of imprest unacceptable as recoveries should have been instituted immediately. Your Committee urges the Controlling Officer to expedite the recoveries and submit a progress report for audit verification.

(b) Inadequate Maintenance of Fuel Records-K652,266,261

The Controlling Officer explained that the fuel registers had been opened and were being reconciled.

Your Committee urges the Controlling Officer to caution the officers whose responsibility it was to maintain the fuel register. He is further urged to avail the new registers for audit verification.

(c) Unaccounted for Stores: K442,900,109

The Controlling Officer explained that the disposal details and receipts for assorted stores items costing K442,900,109 had been prepared.

Your Committee notes that this was a serious lapse for which the officer responsible should be strongly cautioned. The Controlling Officer is urged to ensure that the disposal details are availed for audit scrutiny. They await a progress report on these matters.

(d) Construction of a Multi-purpose Hall – Chalimbana

The Controlling Officer explained that the single sourcing of a supplier to complete the construction of the multi-purpose hall because they were already on site completing the three medium cost houses. There was, therefore, no need for the contractor to meet mobilisation costs which normally delayed the start of projects.

On the misapplication of the amount of K279, 890,600, he submitted that the Ministry had noted that the amount for student hostels was too small to start the construction and applied the amount to construction of multi-purpose hall.

As regards defects, he explained that the observed defects such as leakage in the ceiling and cracks on the floor may have developed after the defects liability period.

Your Committee notes that the explanation that the sum of K279,890,600 was too small to start the hostels project is unacceptable as the commencement of the works would have demonstrated the Ministry's desire to undertake the project. The Ministry is urged to make provisions in the budget for the hostels project so that it can take off. Your Committee resolves to await a progress report on the matter.

(e) Construction and Improvement of the Drainage Network-Kanyama

(i) Delayed Implementation of the Project

The Controlling Officer explained that in the budget estimates, the Ministry budgeted for capital grants amounting to K20,000,000,000 for infrastructure development and Lusaka drainage. Lusaka City Council received K9,861,425,640 for Kanyama drainage. The Ministry did not commit itself with regard to the final release of funds, hence causing a delay.

Your Committee finds the inertia exhibited by the Ministry on this matter unacceptable as the funds released were enough to make some progress. Your

Committee, however, recommends this matter for closure subject to audit verification.

(ii) Misapplication of Funds: K1,081,788,477

The Controlling Officer explained that subscription fees were paid as some councils were in arrears in the payment of the said subscriptions.

Your Committee expresses regret and cautions the Ministry against diverting funds to unrelated expenses without Treasury authority. Your Committee requests that the funds be reimbursed from the affected councils' grants. Your Committee resolves to await a progress report on the matter.

(iii) Irregular Investment of the Funds

The Controlling Officer informed your Committee that the Council had been written to and advised to desist from such practices. The interest earned of K56,164,116.16 in the 24 Hour Call Account was not solely earned from the Government Grants as this account was opened with a view to invest Council funds on a short-term basis whose objectives it was being used for as well.

Your Committee observes that the Auditor-General's observation that authority should have been sought is valid and urges the Controlling Officer to heed the advice in all future transactions. Your Committee further urges the Controlling Officer to seek retrospective authority from the Secretary to the Treasury to regularise the investment.

(iv) Progress on the project

The Controlling Officer submitted that the contract was awarded in November, 2009 when the rainy season had already started; therefore, not much work had been done.

Your Committee resolves to await a progress report on how the works will progress and whether the drainage problem in Kanyama has been effectively addressed.

(f) Purchase of Motor Vehicles for Chiefs

The Controlling Officer explained that Government was still waiting for all chiefs to receive the remaining vehicles and the Ministry was consulting on the modalities to recover motor vehicle loans.

Your Committee urges the Ministry to be courageous enough to declare these loans a donation and write them off as, from the outset, careful thought was not given to how the recoveries would be made. They await a progress report.

(g) Markets and bus stations fund-lack of expenditure returns

The Controlling Officer explained to your Committee that the funds disbursed for markets improvement and bus stations in the year under review amounted to K382,184,102 and expenditures returns were ready for verification while the K66,982,565 was in respect of the cancelled cheques.

Your Committee expresses regret at the failure by the Ministry to ensure timely reporting on huge sums sent to councils and urges the Controlling Officer to ensure that this practice is stopped. The Office of the Auditor-General is requested to have the expenditure returns verified.

(h) Grants in Lieu of Rates

The Controlling Officer explained that there were no guidelines for the utilisation of the grant but local authorities were expected to apply it in accordance with their approved budgets.

Your Committee urges the Controlling Officer to ensure that amounts that were not accounted for are addressed without further delay. They await a progress report on the matter.

(i) Recurrent Grants to Local Authorities

The Controlling Officer explained to your Committee that the Ministry had written to various local authorities that had been cited in the audit report and advised them to desist from using the grants outside the specified conditions. Further, the Ministry would ensure that there was no recurrence of a similar problem in future.

Your Committee finds the failure by local authorities to submit returns on the utilisation of the grants unacceptable. Further, your Committee is concerned with the rampant misapplication of the funds despite utilisation guidelines from the Ministry being very clear. They, therefore urge the Controlling Officer to put in place strict control measures to arrest the situation. The Controlling Officer is, further, urged to ensure all funds misapplied by the local authorities are reimbursed from locally generated resources.

(j) Irregular Payments

The Controlling Officer explained to your Committee that all retirees who were on the schedule of released grants had been paid part payments from the local resources and hence the amount of K10,000,000 that remained from the deductions were paid to the other retirees who retired after 2007.

Your Committee notes the submission and resolves to close the matter.

(k) Firefighting Equipment

The Controlling Officer explained to your Committee that the Ministry of Finance and National Planning did not allow the transfer of the funds since the funding procedure had not been done as the year was coming to an end. The funds were spent on other activities.

Your Committee requests the Auditor-General to verify the submission, subsequent to which the matter should be closed.

MINISTRY OF FINANCE AND NATIONAL PLANNING

AUDIT QUERY		PARAGRAPH	36
Programmes:	Various		
Activities:	Various		

Accounting and Other Irregularities

38. An examination of accounting and other records maintained at the Ministry Headquarters revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unsupported Payments-K2,503,964,429

The Controlling Officer explained to your Committee that payment vouchers in respect of K2,503,964,429 had since been supported by relevant documents.

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

(b) Unretired Imprest-K753,203,720

The Controlling Officer explained to your Committee that regarding imprest totalling K753,203,720, which had not been retired during the period under review, imprest worth K459, 788, 620 had been retired while unretired imprest totalling K293,415,100 was being deducted from officers concerned.

Your Committee resolves to close the matter subject to audit verification of all the documents.

(c) Revolving Fund

(i) Irregular transfer of funds to the revolving fund-K6,253,542,738

The Controlling Officer informed your Committee that funds transferred from Salaries Account to Revolving Funds Account were loan recoveries while funds transferred from control 37 related to transfer from different departments after they had completed their activities as per work plan and they were duly approved by the Controlling Officer. Funds transferred from the Leaders' Revolving Account were leaders' loan recoveries from their mid-term gratuity.

Your Committee notes the submission and resolves to close the matter.

(ii) Unrecovered Loans and Advances-K1,091,450,000

The Controlling Officer submitted that amounts being deducted and appearing on officers pay slips totalled K707,550,000.

Your Committee resolves not to close the matter until evidence of the recovery of the funds is received. The Controlling Officer is cautioned against delays in effecting recoveries of loans and advances in future.

(d) Outstanding Bills

The Controlling Officer submitted that the amounts were still indicated as outstanding bills because the principal clients, Road Development Agency (RDA) were still verifying the claims. After verification by RDA, the Ministry of Finance and National Planning sought a legal opinion from the Attorney-General concerning the NCC Phoenix claim. The Attorney General had since indicated that the Government had to pay the contractor.

He stated further that, J J Lowe took the matter involving an amount of K70,258,336,658, relating to Kashikishi-Lunchinda Road, to the Court of Arbitration and obtained a judgment in default since the Government did not file a defence. The Ministry of Finance and National Planning had since advised RDA to forward the bill to the Ministry of Justice to be paid under the Compensation and Awards Vote. However, with regard to the amount of K1,447,218,315 relating to Mbesuma Bridge, instructions were being awaited from RDA on the way forward.

Your Committee is concerned that the Government failed to file a defence in this case, resulting in a default judgment in favour of the contractor. Your Committee urges the Government to explain why the Attorney General did not file a defence in this matter. Your Committee, further, requests the Auditor-General to verify the submission on the payment due to NCC Phoenix. They await a progress report on the payment said to be due to J J Lowe regarding Mbesuma Bridge.

MINISTRY OF FINANCE AND NATIONAL PLANNING

AUDIT QUERY

PARAGRAPH 37

Programme: Public Expenditure Management and Financial Accountability
Activites: Integrated Financial Management Information System (IFMIS) Project Implementation

Weaknesses in the Implementation of IFMIS

39. A review of Project Initiation Document (PID), contracts, minutes of the Technical Steering Committee and work groups, consultants' reports, implementation plans and other relevant documents maintained at the PEMFA Secretariat and project revealed several irregularities and the Controlling Officer responded as set out below.

(a) Lack of IT Strategic Plan

The Controlling Officer explained to your Committee that lack of ICT strategic plan for the Ministry as mentioned in the Audit report was outside the scope of IFMIS project implementation. The formulation of the Ministry's strategic plan was being handled by the Administration department. He noted, however, that the strategic plan for the Ministry of Finance and National Planning was currently being developed. It was in this plan where the strategic positioning of all the departments, including the Centralised Computer

Services Department (CCSD), would be articulated.

Your Committee notes the explanation by the Controlling Officer and resolves to await a progress report on the recommendation of the Auditor-General.

(b) Technical Steering Committee

The Controlling Officer informed your Committee that the project was actively working to complete the interfaces. Most of the work was awaiting finalisation from the other institutions, the status and effect of the respective interfaces on the operations of the IFMIS system as at 23 February was as follows:

- *PMEC* - following the upgrade of the *PMEC* system, the *PMEC* implementation consultant will configure the upgraded system. However, information from the *PMEC* system could be electronically downloaded from *PMEC* and uploaded on the IFMIS system.
- *ZANACO* - the platform had been tested and only the Electronic Funds Transfer (EFTA) was outstanding.
- *Debt Management and Financial Analysis System (DMFAS)* - the contract had been approved from United Nations conference on Trade and Development (UNCTAD) (the developers of *DMFAS* to configure the interface).
- *ZRA* - *ZRA* had been undergoing an upgrade of their Systems Applications Products (SAP) system. The platform for the interface had been prepared, but the interface was yet to be developed. A request had been sent to *ZRA* for the provision of revenue collection information.

He submitted, further, that the IFMIS solution provider, INDRA had already configured the interface on the IFMIS side in readiness for interfacing with the above mentioned systems once the other institutions had configured their systems.

As regards the migration from cash to accrual system of accounting, the Controlling Officer submitted that Government had not yet issued the policy to migrate from cash to accrual accounting. IFMIS has however, been configured in such a manner that the transition in the system could be implemented after the policy was adopted. He stated that migrating to accrual accounting was a huge undertaking with huge financial implications which required careful consideration and a phased implementation.

Your Committee observes that a lot still remains to be done in the interfacing with commercial banks, *PMEC*, *ZRA* and Bank of Zambia and the transition to partial accrual accounting. Your Committee is of the view that since this has fallen out of schedule, the Ministry of Finance and National Planning needs to come up with a new roadmap and completion dates in order to guide stakeholders. Your Committee requests to be kept informed on progress in this regard.

▪ **IT workgroup-inadequate institutional arrangements for sustainability of the IFMIS**

The Controlling Officer explained that a review commenced in January, 2011 of the restructuring of the Ministry of Finance and National Planning with a particular focus on the sustainability of IFMIS. The review was being undertaken by Public Service Management Division, Manpower Development Division, and the Human Resources and Administration department of the Ministry of Finance and National Planning. A structure was being developed which would be implemented by the end of 2011 or the beginning of 2012.

Your Committee resolve to await a progress report on the measures to ensure adequate institutional arrangement to support the structural changes that will arise with the implementation of the IFMIS.

▪ **Training and change management workgroup**

The Controlling Officer responded that there had been progress on the incorporation of change management, the timeline of progression on the change management is as follows:

- February, 2010 - GRZ Training and change Manager in place at the IFMIS project;
- August, 2010 - Change Management Team of five additional people from Ministry Finance and National Planning, Health, and Education as well as one person from PSMD in place at the project. This team started several change management activities.
- September, 2010 - two consultants recruited under Technical Assistance by DFID to spearhead this activity.
- December, 2010, change management strategy in place and draft road map.
- January, 2011, change management teams in the MPSAs where IFMIS is being rolled out were appointed by Secretary to Cabinet to work with the IFMIS change team. The Controlling Officers are the team leaders.

Your Committee notes that the measures put in place to implement the change management concept, but urges the Controlling Officer to continue making improvements to attain the required standards. Your Committee resolves to await a progress report on the matter.

(c) **Contract Execution**

The Controlling Officer submitted that the contract signed on 15 November, 2006 between GRZ and Soluziana S A was cleared by the Attorney General. Soluziana had a presence in Zambia dating back to 2003. The Controlling Officer further acknowledged the observation that the SAP Licence and Maintenance Agreement signed between SAP (Africa) (Proprietary) Limited and Soluziana (Indra) S.A was not submitted to the Attorney-General's Chambers for legal advice. He explained that this was because the Government had authorised the Supplier to provide License and Maintenance services to Government in respect of software provided by SAP as reflected in the main IFMIS Contract under Para 16 of the "Minutes of Contract Finalisation Discussion and Agreed Amendments for the Supply, Installation and Implementation of the IFMIS. Further, the salient points in the License and Maintenance Service Agreement were outlined in

Attachment 6 of the main IFMIS contract which was cleared by the Attorney General.

Further, the Controlling Officer submitted that the Indra Sistemas S A ceased operations on the IFMIS contract in May, 200, when Indra invoices rather than Soluziana invoices were submitted for payment. The matter was resolved through an addendum to the IFMIS contract which transferred the obligation of Soluziana S.A. to Indra Sistemas S.A. This was signed by Government and the new solution provider Indra Sistemas S.A. on 13 October, 2008.

Your Committee observes that these issues should have been resolved during the audit process before the Report was finalised. Your Committee, therefore, strongly urges the Controlling Officer to cooperate with audit teams in order to avert such queries in future.

Your Committee requests that relevant documents be presented to the Auditor-General for verification, subsequent to which the matter should be closed. Your Committee requests the Office of the Auditor-General to verify the matter, subsequent to which the matter should be closed.

(d) Poor Management of Contracts

(i) Disaster Recovery Centre Contract

The Controlling Officer admitted that the observation that the contract for the construction of the Disaster Recovery was not submitted to the Attorney-General was correct. This oversight was due to advice obtained from the buildings Department under the Ministry of Works and Supply, who had indicated that the sample contract that was used was as a standard contract which had earlier been cleared by the Attorney-General's Chamber. He acknowledged this oversight and stated that measures had been put in place to avoid its recurrence.

As regards failure by the Ministry to claim liquidated damages on delayed works, the Controlling Officer submitted that this could not arise because the Buildings Department had granted the company extensions to the duration of the contract.

Your Committee observes that failure to submit a contract to the Attorney General's Chambers is a Constitutional breach which should not be repeated.

Your Committee observes that the information on why liquidated damages were not claimed should have been shared with the auditors during the audit process in order to avoid the query. Your Committee resolves to close the matter with a caution to the Controlling Officer to always take the audit process seriously and use the process to clear the queries raised by the audit teams.

(ii) Refurbishment of Data Centre

The Controlling Officer submitted that Management acknowledged the oversight of not submitting the contract to the Attorney General's Chambers for legal advice, and measures had been put in place to avoid this recurrence.

As regards the payment of K638,849,779 to J K Contractors for works deemed unsatisfactory, the Controlling Officer explained to your Committee that the

Ministry of Works and Supply confirmed that they had performed according to the contract awarded to them. The contract with the second company was supposed to cover aspects which were not included in the contract in question such as the raised floor to cover the area outside the Server Rooms, replace the roof ceiling with suspended ceiling taking into account the new air condition design that was installed, the supply and installation of new generator and associated electrical works.

Your Committee observes that this practice of not submitting contracts to the Attorney General's Chambers is a serious Constitutional breach which should not be treated lightly by the Controlling Officer. Further, it is apparent to your Committee that the Ministry repeatedly flouts this particular provision of the Constitution with impunity and this should be halted forthwith.

Your Committee reiterates its earlier observation that with cooperation and proper engagement between the auditors and the Controlling Officer, queries of this nature can be resolved before the conclusion of draft paragraphs. The Office of the Auditor-General is requested to verify the response by the Controlling Officer.

(iii) Behrens Limited

The Controlling Officer informed your Committee that the contract was submitted to the Treasury Counsel who was seconded to the Ministry of Finance and National Planning from the Ministry of Justice. The Treasury Counsel did review the contract and provided comments which were incorporated in the contract. The Treasury Counsel usually made a determination based on the complexity of the contract whether or not it must be submitted to the Attorney General's Chambers. The legal opinion was available for verification.

Your Committee notes that the requirement to refer all contracts to the Attorney-General is Constitutional and the requirement cannot be circumvented in the manner indicated by the Controlling Officer. Your Committee also notes that the practice of not referring contracts to the Attorney General has resulted in numerous losses of substantial public resources due to poorly negotiated contracts. Your Committee, therefore, urges the Controlling Officer to adhere to the law in all future transactions without fail.

(e) Lack of Integration of PMEC and IFMIS

The Controlling Officer informed your Committee that the observations on the capacity of the IFMIS servers to accommodate the PMEC operations were noted. PMEC was a separate department under Cabinet Office and the decisions made were unique and independent of the Project Management of the IFMIS Project. The decision for the installation and commissioning of the functional upgrade of the PMEC system in 2009, was outside the scope and control of the IFMIS project. However, a study was being undertaken by the Payroll Work Group, under the office of the Accountant General's Task Team for the implementation of a Single Treasury Account,

Your Committee notes the submission, but urges the stakeholders in the two projects to continue working on ways to maximise the benefits by capturing the synergies arising out of the implementation of the projects. They await a progress report on the matter.

(f) Lack of the Business Continuity Plan (BCP)

The Controlling Officer informed your Committee that a draft BCP was expected to be finalised by end of March, 2011.

Your Committee will await a progress report on the finalisation and adoption of the Business Continuity Plan.

(g) Disclosure of disaster recovery site location to the general public

The Controlling Officer informed your Committee that the disclosure of the Disaster Recovery Site Location would be tabled at an appropriate time to discuss the cost implication and other technical challenges of setting up another secret new one.

Your Committee expresses concern at the fact that such a sensitive matter was not handled with due care and that this will result in wastage of public funds owing to the need to establish a new, secret Disaster Recovery Site. In this regard, your Committee urges the Controlling Officer to ensure that the new site is not disclosed to the public.

(h) Poor Management of Warranties on the IFMIS Equipment

The Controlling Officer informed your Committee that INDRA supplied servers in August, 2007. The warranty expired at the end of August, 2008. Maintenance services of US\$23,650 per quarter were then charged with effect from May, 2008 rather than September, 2008. The overcharge was, therefore, for one quarter only at an amount of \$23,650 which would be adjusted against future payments.

Your Committee requests the Office of the Auditor-General and the Controlling Officer to reconcile their positions on this matter. Once again, your Committee calls for disciplinary action to be taken by the Controlling Officer against all officers who facilitated this irregular payment. They await a progress report on the matter.

(i) Irregularities Found at Roll Out Sites

A physical inspection carried out in March, 2010 of IFMIS IT equipment in Lusaka, Chipata and Solwezi revealed the following:

(i) Lusaka -Failure to Meet General Network Requirements

▪ Use of old Network Infrastructure for Local Area Network Installation

The Controlling Officer informed your Committee that the supplier had acknowledged that in the sites where there was already a network in place, they did not replace the existing networks.

Your Committee expresses concern that this observation had to be made by the Office of the Auditor-General when ordinarily it should have been the client (the Ministry of Finance and National Planning) to monitor keenly what was being put up in place and raise concerns where necessary. Your Committee is of the view that such negligence of duty by the officers within the Ministry who were charged with the function of

monitoring the project should not be condoned and appropriate action should accordingly be taken against the officers. Your Committee also urges that provision be made for refunds in case no installation was needed as indicated by the contractor. They await a progress report on the matter.

▪ **Failure to meet local, metropolitan and wide area network requirements**

The Controlling Officer informed your Committee that the supplier had acknowledged that in the sites where there was already a network in place, they did not replace the existing networks.

Your Committee expresses its concern that this observation was not made by the Ministry but the Office of the Auditor-General and urges the Controlling Officer to submit a report on the savings in sites where the supplier did not replace the existing network.

(ii) Solwezi

The Controlling Officer informed your Committee that this site would be inspected to ensure that the IFMIS users had adequate access to power sockets and network points. Provision of generator sets for the roll-out sites was outside the scope of the project. However, the site had been advised to purchase and install a generator site. UPSs had been installed to allow for smooth shut down in the event of power failure.

Your Committee undertook a visit to the site to appreciate the challenges being faced by the stakeholders. Your Committee's findings and recommendations on the matter are in Part II of your Committee's report.

(iii) Chipata

The Controlling Officer informed your Committee that the site would be inspected to ensure that the IFMIS users had adequate access to power sockets and network points.

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

MINISTRY OF FINANCE AND NATIONAL PLANNING-CENTRAL STATISTICAL OFFICE

AUDIT QUERY PARAGRAPH 38
Programme: Various
Activities: Various

Accounting and Other Irregularities

40. An examination of accounting and other records maintained at Central Statistical Office headquarters and selected provincial offices revealed several irregularities and the Controlling Officer responded as set out below.

(a) Construction of Office Building

The Controlling Officer submitted that the new completion date for the contract was January, 2012, extended from 22 June, 2010 based on an application for extension of time from the contractor due to delayed completion. The delay was as follows; payment certificate numbers 42,43 and 44 amounting to K2,637,224,860, K874,153,427 and K634,790,175 were delayed by 463 days, 89 days and 29 days, respectively. A total of 581 days delayed due to lack of funding which occurred from January, 2009 to July, 2010.

He noted that in December, 2010, a total of K2,559,529,477 was released and paid to the contractor for the purchase of aluminum fittings/panels. The estimated final amount of contract was K35,696,849,089 and not K57,969,849. As of December, 2010, 75% completion of works was achieved with 25% of the works were yet to be done.

Your Committee reiterates your previous Committee's observation that the delays in completing the construction of the building have been very costly to the State. Your Committee, therefore, urges the Secretary to the Treasury to provide adequate funds in the budget to complete the building on the new completion date of January, 2012 to avoid further escalation of costs.

(b) Unvouched Expenditure

(i) Unsupported Payments-K1,038,374,887

The Controlling Officer informed your Committee that all the fifteen payment vouchers totalling K1,038,374,887 which were inadequately supported had since been supported.

Your Committee closes the matter subject to audit verification of the traced supporting document. The Controlling Officer is cautioned against misplacement of documents and poor record-keeping.

(ii) Missing Payment Vouchers: K795,740,144

The Controlling Officer explained that all missing payment vouchers totalling K795,740,144.42 that were not available at the time of Audit are now available for audit verification.

Your Committee resolves to close the matter subject to audit verification. The Controlling Officer is urged to improve record keeping.

(c) Unretired Imprest: K1,498,490,527

The Controlling Officer stated that all the unretired imprest totalling K1,498,490, 527 had since been retired and the retirement details were available for inspection.

Your Committee closes this matter subject to audit verification. However, your Committee cautions the Controlling Officer against allowing huge sums of public funds to remain unaccounted in form of unretired imprest. Your Committee recommends that, the Controlling Officer must adhere strictly to the Financial Regulations on the retirement of imprest and commence recoveries from those who fail to retire within 48 hours.

(d) Unaccounted for Fuel: K119,397,003

The Controlling Officer informed your Committee that fuel receipt and disposal details had been found.

Your Committee urges the Controlling Officer against failure to produce documents during the audit process as it is not only an indication of weak controls in the institution, but also a sign of lack supervision on his part. The matter is closed subject to audit verification.

(e) Failure to Follow Procurement Procedures

The Controlling Officer reported that the supply of motor vehicle repairs was provided by the franchise dealers who were the sole suppliers of the respective motor vehicles.

Your Committee notes the submission and resolves to close the matter.

MINISTRY OF COMMUNITY DEVELOPMENT AND SOCIAL SERVICES

AUDIT QUERY

PARAGRAPH 39

Programmes: Various
Activities: Various

Accounting and Other Irregularities

41. An examination of accounting and other records maintained at the Ministry Headquarters and visits to Kabwe, Kapiri Mposhi, Ndola, Kitwe, Kalulushi, Mufulira, Kasama, Mbala, Mpulungu and Nakonde in May 2010 revealed several irregularities to which the Controlling Officer responded as below.

(a) Unaccounted for Stores: K202,798,058

The Controlling Officer explained that the Ministry had embarked on a training programme to adequately equip all officers involved in stores management with necessary skills to minimize such problems in future. The problems being faced had been caused by the structure for the Ministry which had no position for Stores Officers at district level.

Your Committee notes the measures that are being put in place but urges the Controlling Officer to ensure that store details in respect of the K202,798,058 are found and availed to the Office of the Auditor-General for verification.

(b) Workshops

The Controlling Officer explained that the Ministry had tried to locate the records containing the said bills but failed due to misfiling. The invoices submitted for verification were amounting to K62,704,480 leaving a balance of K39,141,320. Furthermore, the Ministry took note of the non availability of authority from the Secretary to the Cabinet which was raised in the Auditor General s report and regret this anomaly.

Your Committee directs the Controlling Officer to ensure that the missing records are found without fail as poor filling is unacceptable. The Controlling Officer is urged to take disciplinary action against the officers who caused the query. They await a progress report on the matter.

As to the failure to seek Cabinet authority for the workshops, your Committee urges the Controlling Officer to henceforth desist from this practice and ensure that reports are produced at the end of each workshop.

(c) Unretired imprest-K467,963,139

The Controlling Officer informed your Committee that the imprest recoveries had been effected and would show on the pay slips of affected officers on the June pay slips. Further, no officer with unretired imprest would be allowed to get any imprest until their outstanding imprests were cleared and would not be allowed to undertake Government tours until their outstanding imprests were cleared.

Your Committee expresses regret that there is a bad practice of not retiring imprest in the Ministry and urges the Controlling Officer to put in place internal controls to stem the practice.

(d) Non Maintenance and Reconciliation of fuel Records-K694,562,742

The Controlling Officer explained that the structure for the Ministry had no position of Transport Officer to manage the fleet of vehicles and fuel management hence the Ministry made use of Executive Officers to manage fuel issuance for convenience. A transport officer has since commenced his duties.

Your Committee finds the explanation rendered by the Controlling Officer weak as with good internal controls and monitoring mechanism could have kept disposal records. The Office of the Auditor-General is requested to assess the current situation.

(e) Non recovery of Salary advances and household loans

The Controlling Officer explained that K1,800,000 was given to an officer who had since retired and the Ministry had written to the Public Pension Board to ensure the amount was recovered when paying his benefits and remitted to the Ministry. The copy of the letter is attached. On the other hand, K11,000,000 related to an officer transferred to the Ministry of Education and the Ministry had written to the Permanent Secretary, Ministry of

Education, to make recoveries. Part of the funds were recovered from the officer while the balance of K9,900,000 had been settled by cash. K1,000,000 in question referred to an officer transferred to Cabinet Office in respect of which deductions were effected while a loan of K10,000,000 was fully recovered.

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

(f) Public Welfare Assistance Scheme (PWAS)

(i) Utilisation of K K1,837,421,827 at Ministry Headquarters Contrary to Guidelines

The Controlling Officer submitted that the 10% meant for administration of PWAS was inadequate as could not cater for all the administrative functions under PWAS. She recommended that the administration component be increased to 20% (10% for monitoring and evaluation and 10% administration expenses).

Your Committee finds the failure by the Ministry to abide by their guidelines unacceptable and urges the Controlling Officer to make recommendations to amend the guidelines if need has arisen. Your Committee awaits a progress report on the matter.

(ii) Reduction in the number of beneficiaries despite increase funding

The Controlling Officer stated that under the education support activity, PWAS had a back log of school requirements and some of the funds were channeled to dismantle the arrears.

Your Committee requests the Office of the Auditor-General to verify the response and provide a status report to it.

(iii) Non Submission of Returns- K4,862,578,173

The Controlling Officer explained to your Committee that the returns were submitted to provincial headquarters who in turn submitted the Provincial quarterly reports to Ministry Headquarters and information was available for verification.

Your Committee finds the failure by the Ministry to ensure timely submission of returns unacceptable and urges the Controlling to institute disciplinary action against the responsible officers. Your Committee resolves to await a progress report on the matter.

(g) Repatriation of clients

The Controlling Officer stated that in the year 2009, the Ministry had recruited new staff to man District Offices who by the time of the audit had not been oriented. However, currently this problem has been resolved. Officers have since been advised to be preparing case records for all clients and any payments which will be made to clients without case records, will ensure disciplinary charges are laid on our District Officers.

Your Committee notes that the guidelines on the preparation of case records are clear and any officer who neglects this should be cited for negligence of duty. Your Committee, therefore, urges the Controlling Officer to take appropriate disciplinary measures against the officers responsible for this omission.

The Controlling Officer is also requested to provide an explanation as to what happened to the funds released to pay for the repair of a motor vehicle. They await a progress report on the matter.

(h) Community Self-Help Activities

(i) Lack of Expenditure Returns: K378,581,000

The Controlling Officer explained that some of the expenditure returns in question were obtained from the Districts and presented for audit verification but were not accepted by the auditors. She noted that the majority of the beneficiaries of this programme were vulnerable groups in rural and remote parts of the country, who are mostly illiterate and have little or no knowledge of record keeping. However, the Ministry had embarked on a record keeping training exercise for project implementation to community and club committees who access funding from the Ministry.

(ii) Failure to Release Funds to Districts: K30,000,000

The Controlling Officer informed your Committee that the Office of the Permanent Secretary for Southern Province had assured her Ministry for the release of the funds to the districts as soon as possible.

Your Committee expresses its concern with the decision by the Controlling Officer, Southern Province to hold on to the funds in question. Your Committee notes that instead of playing a facilitative role, the Controlling Officer, Southern Province was being an obstacle in the process of transmission of funds for development activities. This should not be the case, and your Committee urges the Secretary to the Treasury to take necessary action on this matter.

(iii) Arts and Cultural Infrastructure

The Controlling Officer explained that returns, which were collected from the Provinces, were not detailed enough to meet the expectations of the auditors. She requested the Office of the Auditor-General to visit the Provincial Offices, where these payments were made, to check the underlying records because some information may not have been submitted in detail, but is available at the Provinces.

Your Committee is concerned that the Ministry was failing to mobilize all the documents and provide them for audit scrutiny. The Controlling Officer is reminded that she has an obligation to ensure that all necessary documents are availed to the auditors during the audit process. Therefore, she is directed to follow the Auditor's advice and provide all the documents being requested for. They await a progress report on the matter.

(i) Food Security Pack Programme (FSP)

A review of relevant records at the Ministry headquarters revealed some irregularities to which the Controlling Officer responded as set out below.

Misapplication of Food Security Pack Funds: K409,000,000

The Controlling Officer submitted that the vehicle in question was procured in order to enable the Minister to monitor the FSP.

Your Committee notes that this was a very serious irregularity as the Minister's main responsibility was not to monitor programmes, but rather to give policy direction. Further, your Committee notes that the Minister's visitations to projects are supposed to be undertaken using his official vehicle procured by the Ministry of Works and Supply. Your Committee, therefore, recommends that the vehicle in question should immediately be withdrawn from the Minister and surrendered to the Unit responsible for monitoring the FSP.

The Controlling Officer further informed your Committee that the Ministry had started requesting respective districts to indicate their preferred inputs.

Your Committee notes the submission and resolves to close the matter.

(j) Street Children Programme

i) Disbursement of Funds

Street Children Programme-K4,000,000,000

- **Goods and services**

The Controlling Officer informed your Committee that the K1,162,677,251 was spent for goods and services related to the Street Children Programme. Some of the services included the renovations of Chikumbi Children Centre, facilitating international study visits on child protection, fuel for Child Protection Unit patrols, servicing of vehicles allocated to Child Protection Unit, utility bills and the purchase of furniture and equipment for Chikumbi Children's Centre. Further, the Ministry procured clothing material for the children removed from the streets. Supporting documents were available for audit verification.

Your Committee requests the Office of the Auditor-General to verify the response and provide a status report to it.

- **Imprest**

The K270, 221,000 was disbursed as imprest to facilitate the activities of the Department in its Street Children Programme. Several workshops were held to finalize the Street Children Guidelines, monitoring of the Child Protection Programme and inspection of children's homes. Supporting documents are available on both soft and hard copy.

- **Disbursement of Grants to District Accounts**

The Controlling Officer submitted that the disbursement of street children funds into the DWAC Account had been noted and explained that K67,570,000 was deposited into the District Welfare Assistance Committee Account (DWAC) to districts which did not have specific Street Children Programme Accounts and the funds stated were used for the

programme. Supporting documents were available for audit verification.

Your Committee requests the Office of the Auditor-General to verify the returns and provide a status report to it.

- **Other Institutions and NGOs**

The Controlling officer informed your Committee that the K 590,470,000 was utilised to support institution and NGOs related to street children programmes. These NGOs provided shelter, care and support to children removed from the street. Therefore the funds were given to supplement their operations. Supporting documents were available for audit verification.

Your Committee requests the Office of the Auditor-General verify the returns and provide a status report on.

- **Purchase of Motor Vehicle**

The Controlling Officer explained to your Committee that the purchase of the motor vehicle has been noted. The Controlling Officer stated that the vehicle was procured to enhance monitoring of street children programme due to the non-availability of transport at Headquarters. The authority to vary the funds had been applied for in retrospect but had been declined.

Your Committee cautions the Controlling Officer against varying funds without Treasury authority. Your Committee resolves not to close the matter until Treasury authority is obtained and availed to the Office of the Auditor-General for verification.

- (ii) **Unaccounted for Funds - Kapiri Mposhi-K15,700,000**

The Controlling Officer explained that the matter was under investigation by the Provincial Disciplinary Committee and a progress report would be availed after the matter was dealt with.

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

MINISTRY OF HEALTH

AUDIT QUERY

PARAGRAPH 40

Programmes: Various

Activities: Various

Accounting and Other Irregularities

42. An examination of accounting and other records maintained at the Ministry revealed several irregularities and the Controlling Officer responded as set out below.

Mirror Account

(a) **Unsupported Payments for Various Workshops-K448,026,440**

The Controlling Officer submitted that from a total of seventeen transactions amounting to K448,026,439.94 which were reported as unsupported payments, a total of six transactions amounting to K192,053,515 had been fully supported with all the necessary documents. The remaining eleven transactions had been partially supported with relevant documents. Cabinet Authority was obtained for all the workshops held during the year.

Your Committee urges the Controlling Officer to avail the Auditor-General the authority from the Secretary to the Cabinet approving the workshops for verification. Further, all the recovered supporting documents should also be availed to the Office of the Auditor-General for verification.

(b) **Unaccounted for Stores-K373,693,900**

The Controlling Officer explained that all the twelve transactions in respect of K373,693,900 had since been attached with receipt and disposal records.

Your Committee urges the Controlling Officer to put internal control measures in place in order to address the problem of poor record keeping and custody of accountable documents.

(c) **Unaccounted for Support to Institutions Funds: K211,819,500**

The Controlling Officer informed your Committee that all the expenditure returns had been submitted from the various institutions.

Your Committee notes that failure to produce expenditure returns timely is unacceptable and should attract disciplinary action from the Controlling Officer. The Controlling Officer is, therefore, urged to caution the officer responsible for delayed reporting and to avail the expenditure returns to the Office of the Auditor-General for verification.

(d) **Purchase of Drugs: K445,520,535**

The Controlling Officer explained to your Committee that due to the bulkiness of the receipts and distribution lists at Medical Stores Limited, it has been a challenge for the Ministry to forward them to the auditors for verification. However, these could be availed to them if a physical verification was done.

Your Committee urges the Controlling Officer to invite the Office of the Auditor-General to verify the receipts so that the matter should be closed.

(e) Unretired Imprest: K990,238,628

The Controlling Officer noted that out of a total amount of K990,238,628 in outstanding imprest involving fifteen transactions, four transactions totalling to K99,922,628 had since been retired. He explained further that the outstanding eleven transactions related to the officers who had since been placed on forced leave. It had, therefore, been a challenge for the Ministry to have the imprest retired.

Your Committee advises that if the officers concerned are still on the pay roll, recoveries should immediately commence from their salaries since the amounts on unretired imprest were not in dispute. Your Committee resolves to await a progress report on the matter.

Expanded Basket

(a) Unvouched Expenditure-K1,493,311,323

The Controlling Officer informed your Committee that out the 136 unsupported payments in amounts totalling K1,104,403,595, supporting documents in respect of 112 amounting to K971,356,046 had been traced. As for the missing fifty-three payment vouchers in respect of the amount of K388,907,728, thirty-four payment vouchers in respect of K330,588,728 had been found.

Your Committee urges the Controlling Officer to ensure that all the unvouched expenditures are supported and to avail the documents to the Office of the Auditor-General for verification so that the matter can be closed.

(b) Stores-K2,053,819,614

The Controlling Officer reported that out of the K2,053,819,614 without disposal details at the time of audit, details in respect of K2,023,239,61 were traced leaving a balance of K30,580,000.

Your Committee finds it unacceptable for documents, in respect of such huge amounts, to be missing at the time of audit, only to resurface immediately thereafter. The Controlling Officer is, therefore, urged to put in place corrective measures including taking disciplinary action against the officers responsible for the lapses. The Controlling Officer is also urged to have the recovered documents verified by the Office of the Auditor-General. They await a progress report on the matter.

(c) Workshops held Without Cabinet Authority-K5,794,403,806

The Controlling Officer submitted that during the year ended 2009, blanket authority was obtained from Cabinet for all government workshops by Ministry Headquarters. Those which did not have Cabinet authority related to workshops funded and conducted by Non Governmental Organisations (NGOs).

Your Committee expresses concern why this explanation was not made to the auditors during the audit process to avert the query. The Office of the Auditor-General is requested to review the matter following the Controlling Officer's response to your Committee.

Your Committee urges the Controlling Officer to avail to the Office of the Auditor-General the blanket to hold the workshops in question. Your Committee resolves to await a progress report on the matter.

(d) Drugs Without Disposal Details: K5,406,298,725

The Controlling Officer submitted that due to the bulkiness of the receipts and distribution lists at Medical Stores Limited it had been a challenge for the Ministry to forward them to the auditors for verification.

Your Committee urges the Controlling Officer to invite the Auditor-General to verify the said bulky documents and provide a progress report.

(e) Unretired Imprest-K1,159,702,698

The Controlling Officer reported that out of a total of K1,159,702,698 in unretired imprest, K1,017,990,698 had since been retired leaving a balance of K141,712,000 still outstanding.

Your Committee, while noting the progress in the retirement of imprest, urges the Controlling Officer to adhere to regulations on the management of imprest. Your Committee also resolved to await a progress report on the retirement of the balance of K141,712,000.

(f) Failure to Recover Advances-K40,046,000

The Controlling Officer explained to your Committee that from the advances that were not recovered as per above table, Mongu PHO did not have any outstanding advances and this could be verified by the Status Report for 2009 from Office of the Auditor-General. Therefore the Advances which were not recovered were a total of K27,746,000 of which K 8,350,000 had been recovered and a balance of K19,396,000 was still outstanding.

Your Committee notes that the recovery of advances was payroll based and failure to effect recoveries as per regulations is unacceptable. The Controlling Officer is urged to put corrective measures in place. They await a progress report on the matter.

(g) Failure to Remit Taxes-K553,307,938

The Controlling Officer explained that Nchelenge DHO had remitted the PAYE amounting to K10,248,012 while the remaining amount of K543,059,926 in respect of Mansa PHO would be remitted as funds became available.

Your Committee directs that all documents be availed to the Auditor-General for verification and that a progress report should be submitted to it over the outstanding amount.

(h) Irregular Payment of Salaries-K1,096,238,030

The Controlling Officer informed your Committee that when Central Board of Health (CBoH) was abolished, a number of staff were transferred to Government awaiting to be placed on GRZ payroll. Most of these officers had consequently been absorbed by the Government and were now on GRZ payroll, and those who were not taken on by GRZ had since been laid off.

Your Committee notes the submission and resolves to close the matter.

(i) Failure to Produce Tour Reports

The Controlling Officer explained that it was regrettable that at the time of audit, tour reports were not availed to the Auditors but these were now available for audit verification.

Your Committee notes that failure to prepare timely reports is a recipe of weak monitoring controls in the Ministry and urges the Controlling Officer to implement corrective the situation. The Controlling Officer is also urged to take disciplinary action against the officers for negligence of duty. The tour reports should also be availed to the Office of the Auditor-General for verification.

(j) Irregular Payments-K11,411,500

The Controlling Officer stated that during the time of the Central Board of Health, senior management were entitled to talk time. After the abolition of CBoH, the practice was discontinued. He explained that this query relates to 2007 and not 2009.

As regards, the misapplication of funds on payment of salary and tuition advances amounting to K111,300,000, the Controlling Officer informed your Committee that the query was not for the Ministry of Health.

The Office of the Auditor-General was requested by your Committee to verify the response from the Controlling Officer.

(k) Consultancy services - Lusaka District Health Office-K47,000,000

The Controlling Officer informed your Committee that the documents on Consultants that was not availed to the auditors had been found.

Your Committee expresses concern with the poor record keeping at the Ministry and urges the Controlling Officer to apply himself fully to this matter so that the situation is corrected. Further, the traced documents should be availed to the Office of the Auditor-General for audit verification.

(l) Misapplication of funds - Livingstone Provincial Health Office-K22,257,949

The Controlling Officer informed your Committee that the query did not belong to the Ministry of Health. The Office of the Auditor-General was contacted over the same query and they confirmed that this was the case.

Your Committee closes the matter.

(m) Failure to Obtain Tender Authority - Senanga District Health Office-K71,416,000

The Controlling Officer submitted that all the necessary documents relating to the above payments had since been attached and could be availed to the auditors.

Your Committee requests the Office of the Auditor-General to verify if tender authority was granted for the district offices to spend above their threshold and provide a progress on the matter.

(n) Infrastructure

(i) Lukolongo Rural Health Post

The Controlling Officer explained to your Committee that due to erratic funding, the contractor had at some stage abandoned the project but it had since been funded and work was in progress.

Your Committee notes the response and resolves to close the matter, subject to audit verification.

(ii) Kabweza Rural Health Post

The Controlling Officer informed your Committee that construction of Kabweza Rural Health Post took longer than expected to complete due to the fact that works stalled because funding delayed. However, Kabweza Rural Health Post had since been completed.

Your Committee notes that the Controlling Officer did not confirm that the defects had been attended to and resolves to undertake a tour to the site to verify the works that had been undertaken. Your Committee's findings on this matter would be contained in its tour report.

MINISTRY COMMUNICATION AND TRANSPORT

AUDIT QUERY		PARAGRAPH	41
Programme:	Various		
Activities:	Various		

Accounting and Other Irregularities

43. An examination of accounting and other records maintained at the Ministry Headquarters and visits to Kabwe, Chipata, Sinda, Solwezi, Kasama, Kalulushi, Mpulungu and Kasaba Bay carried out in April 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unvouched Expenditure-K501,347,994

Upon the advice of the Auditor-General that the matter had been fully addressed, your Committee resolves to close the matter.

(b) Failure to Follow Tender Procedures

The Controlling Officer explained to your Committee that the single sourcing and splitting of the purchase of ten Desktop computers arose as a result of the urgency of the matter as Zambia was hosting the Commonwealth Telecommunications Organisation meeting. The said computers were meant for Kasisi and Katombora Reformatory Schools. The ten computers were donated to the mentioned institutions. He said Ministry had taken note and in future would ensure that such acts did not recur.

Your Committee expresses concern that tender procedures were ignored despite the event cited being a planned one which the Ministry should have been aware of months in advance. Your Committee is not convinced that short notice could be a reason for single sourcing as there are enough suppliers of computers in Lusaka. Your Committee resolves to close the matter, but urges the Controlling Officer to adhere to procedures on procurement.

(c) Staff Secondment and Double Payment of Salary

The Controlling Officer reported that the officer responsible had agreed to refund the salaries received from the Ministry and had since repaid K1,000,000.

Your Committee is concerned with the casual approach to the recovery of the funds agreed between the officer and the Ministry, requiring the officer to make payments from time to time. Your Committee urges the Controlling Officer to write to the institution where the officer is based for a full recovery of the amount involved.

(d) Misapplication of Funds-K148,382,578

Upon the advice of the Auditor-General that the matter has been fully addressed and verified, your Committee resolves to close the matter.

MINISTRY OF WORKS AND SUPPLY

AUDIT QUERY

PARAGRAPH 42

Programmes: Various

Activities: Various

Accounting and Other Irregularities

44. An examination of accounting and other records maintained at the Ministry revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unretired Imprest-K151,366,612

The Controlling Officer explained that some of the payments captured were not imprests but payments for overtime in respect of officers at building departments while some of the other outstanding imprests had since been retired.

Your Committee notes the submission and requests the Controlling Officer to provide proof of the retirements to the Office of the Auditor-General so that the matter could be closed.

(b) Officers with deductions more than the gross pay

The Controlling Officer explained that the payments were done due to the pressing issues which the concerned officers had and the fact that most of the deductions on their pay slips with significant amounts were due to end.

Your Committee disagrees with the Controlling Officer's explanation and urges him to always adhere to the Condition of Service not to exceed the 40% threshold. The Auditor-General is requested to verify the current situation on the matter.

(c) Irregularities in Procurement of a GTO Print Master

The Controlling Officer acknowledged that the Ministerial Tender Committee flouted tender procedures when they ignored the requirement to seek direct authority from the Zambia Public Procurement Authority (ZPPA) when single sourcing. As regards failure to effect the liquidated damages clause, the Controlling Officer explained that this could not be done because although the supplier only received the payment in November, 2009, when the factory had already closed for the December festivals, although the contract was effected on 21st September, 2009.

Your Committee considers this to be a very serious omission and expresses concern that the officers who processed and approved the payment failed to spot the anomaly and advise accordingly. Your Committee, therefore, is of the view that disciplinary action should be taken against the officers who approved the payment. Your Committee resolves to await a progress report on the matter.

(d) Failure to Report Accidents to Standing Accidents Board

The Controlling Officer explained that he had written to the Standing Accidents Board on the accident and a response was awaited.

Your Committee urges the Controlling Officer to ensure that such an omission does not recur. He is also urged to provide proof to the office of the Auditor-General that the report has been submitted to the Standing Accidents Board.

(e) Rehabilitation of House No.441, Kaleya Road

The Controlling Officer observed that the observation by the Auditor-General was not correct as authority was sought from the Ministerial Tender Committee which authorised the award of the contract. The Controlling Officer also stated that the circular in question came into effect on 6th January, 2009, and the Ministerial Tender Committee Authority was given in September, 2008, long before the circular was effected.

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

(f) Second President's Residential House

The Controlling Officer explained that the money released was not applied on the activities that the Auditor-General had stated. The information as captured by the auditors is due to the wrong posting of the payments concerned in the ledgers which had since been reversed.

Your Committee expresses concern why this was not brought to the attention of the Auditors during the audit process. Your Committee also urges the Controlling Officer to take disciplinary action against the accounting officers, who wrongly posted the amounts in question thereby causing a query. The matter should be closed after the response has been verified by the Office of the Auditor-General.

(g) Third President's Residential House

The Controlling Officer stated that the money released was not applied on the activities that the Auditor-General had stated as the information as captured by the auditors was due to wrong posting of the payment concerned in the ledgers. This had since been reversed.

Your Committee urges the Controlling Officer to take disciplinary action against the accounting officers who wrongly posted the amounts in question thereby causing the query. The matter should be closed after the response has been verified by the Office of the Auditor-General.

(h) Rehabilitation of Independence Stadium

The Controlling Officer submitted that authority from the Secretary to the Treasury was sought. Further, part of the amount was used to pay loans on consideration of the urgent needs that the concerned officers presented. Furthermore, it had become apparent that the Stadium would be reconstructed using funds from a loan.

Your Committee observes that what was presented by the Controlling Officer was the application for Treasury authority to vary the funds retrospectively and not the actual authority. Your Committee resolves not to close the matter until proof of Treasury authority is rendered.

(i) Construction of Ndola Stadium

The Controlling Officer submitted that the custody of the concession loan was with the Permanent Secretary Budget Economic Affairs (BEA), Ministry of Finance and National Planning who had been requested to avail a copy of the concession loan.

Your Committee urges the Controlling Officer to continue pursuing the release of the loan document from the Ministry of Finance and National Planning so that it can be subjected to an audit. They await a progress report on the matter.

(j) Construction of a Mausoleum

Over Expenditure-K436,822,051

The Controlling Officer admitted that the observation by the Auditor-General was correct and that this was because the amount provided for and funded for the construction of the Mausoleum fell short as a result of unforeseen consultation works and meetings that had to be undertaken. Further, a decision was made to vary funds from the third Republican Presidents House vote because no land had been identified for the third Republican President's residence resulting in idle funds, hence the decision to apply them to the, construction of the Mausoleum which was immediate.

In noting the submission, your Committee urges the Controlling Officer to apply to the Secretary to the Treasury to seek authority to normalise the excess expenditure. They await a progress report on the matter.

(k) Lack of Authority to Form Committee

The Controlling Officer reported that authority had since been sought from the Secretary to the Cabinet

Your Committee resolves not to close the matter until proof that the Secretary to the Cabinet has granted the authority to pay the allowances is availed to Office of the Auditor-General for verification.

(l) Construction of Nakonde Border Facilities

The Controlling Officer submitted the observation made by the Auditor-General was correct but because the contract did not provide for suspension of works but termination, he wrote to the Secretary to the Treasury advising accordingly. The directive was received and the contract was terminated.

In noting the submission your Committee is of the view that the directive from the Secretary to the Treasury should have been sought immediately without allowing for the passage of a very long time. Your Committee resolves to close the matter.

MINISTRY OF SCIENCE, TECHNOLOGY AND VOCATIONAL TRAINING

AUDIT QUERY

PARAGRAPH 43

Progress: various

Activities: Various

Accounting and Other Irregularities

45. An examination of accounting and other records maintained at the Ministry carried out in May 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unretired Imprests-K97,190,200

In response, the Controlling Officer submitted that all the imprests which were reported unretired had now been fully retired.

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

(b) Missing Payment Vouchers-K377,485,980

In response, the Controlling Officer submitted that the missing payment vouchers were sixteen as opposed to the twenty five reported amounting to K377,485,980. The payment vouchers which were misfiled at the time of the audit had since been found.

Your Committee resolves to close the matter subject to audit verification of the traced documents. Furthermore, they urge the Controlling Officer to put in place control mechanisms to avert the recurrence of the same irregularity.

(c) Unsupported Payments-K28,254,760

In reply, the Controlling Officer submitted that the payments in question had now been adequately supported and were available for verification.

Your Committee resolves to close the matter subject to audit verification of the traced documents. They further urge the Controlling Officer to put in place control mechanisms to avert the recurrence of the same irregularity.

(d) Management of Scholarships-K831,280,100

In reply, the Controlling Officer stated that the acquittal sheets in respect of the disbursed funds totalling K831,280,100 to the Missions in china and USA were now available.

Your Committee is concerned that the requirement to acquit for funds was ignored by accounting officers who issued the funds and urges the Controlling Officer to strongly censure the officers responsible and to ensure that such an omission is not repeated in future disbursements. The documents should be availed to the Office of the Auditor-General for verification after which the matter should be closed.

(e) **Management of grants released to subsector institutions**

The Controlling Officer submitted to your Committee that expenditure returns/income statements in respect of training institutions, which were not available at the time of the audit, were now up-to date and available for verification. In order to avoid recurrence, measures had been put in place whereby monthly grants to the Institutions shall only be paid upon receipt of expenditure returns for the previous month.

Your Committee takes note of the measures being put in place to correct the situation and resolved to close the matter subject to audit verification.

As regards selected institutions that had been inspected, in Lusaka, Southern, Eastern, Western, Copperbelt and Northwestern Provinces, which received a total amount of K24,851,185,453 the Controlling Officer submitted as set out below.

i. National Institute of Scientific Research (NISIR)

A total of K14,500,000,000 was released to the institute during the period under review for operations. The following were however observed:

- ***Non Remittance of Withholding Tax***

The Controlling Officer stated that at the time of the audit, the withholding tax had not been remitted to ZRA, however, the Institution had already engaged ZRA with a view to dismantling the arrears of K57,363,000 over an agreed time frame whilst being current on the monthly obligations.

Your Committee notes the submission by the Controlling Officer, but resolves not to close the matter until evidence of substantial reduction in the arrears is availed. The Controlling Officer is urged to ensure that the institution remains current in all its tax obligations. Your Committee will await a progress report.

- ***Unaccounted for Stores-K50,448,500***

The Controlling Officer explained that the receipts and disposal details in respect of stores valued K50,448,500 procured during the period under review, had been traced and were available for verification. In order to avoid a repeat of the same lapse, measures had been put in place to ensure that stores records were properly maintained and updated at the close of each day as well as reconciled every week.

Your Committee notes the submission and resolves to close the matter subject to audit verification.

ii. Kaoma Trades Training Institute

The Controlling Officer stated that Management had already addressed this matter and submitted the information to National Pension Schemes Authority NAPSA to have eight members of staff registered and the contribution to NAPSA had since commenced. Your Committee notes the submission and resolves to close the matter subject to audit verification.

iii. Solwezi Trades Training Institute

▪ **Unsupported Payments**

The Controlling Officer explained that all the payments amounting to K21,807,000 which had no supporting documents at the time of audits had been supported.

Your Committee notes the submission and resolves to close the matter, subject to audit verification.

▪ **Failure to Follow Tender Procedures-K18, 500,000**

The Controlling Officer stated that documents regarding the award of the contract to Static Construction and General Dealers, at a Price of K18,500,000 for the landscaping of the premises at the new Institute showing that tender procedures for selecting the contractor were followed and the tender minutes were now available.

Your Committee is concerned that where the tender documents were missing at the time of the audit and cautions the Controlling Officer against poor record keeping at the Institution. Your Committee, however, resolves to close the matter subject to audit verification.

MINISTRY OF SCIENCE, TECHNOLOGY & VOCATIONAL TRAINING

AUDIT QUERY		PARAGRAPH	44
Programme:	Rehabilitation of Training Institutions (PRP) Construction of TEVET Institutions (PRP)		
Activities:	Various		

Accounting and Other Irregularities

46. A review of accounting, contracts and other records maintained at the Ministry Headquarters and a visit to selected Provinces revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unretired Imprest-K458,580,500

The Controlling Officer submitted to your Committee that imprest worth K458,580,500, obtained by thirty nine officers had fully been retired and the documents was available for verification.

Your Committee expresses concern at weak controls in the Ministry resulting in huge amounts remaining unretired. Your Committee urges the Controlling Officers to take concrete steps to ensure that imprest is managed according to laid down financial regulations. Your Committee resolves to close the matter subject to audit verification.

(b) Misapplication of Funds- K586,596,349

The Controlling Officer explained to your Committee that in 2009, the Ministry experienced major challenges in respect of inconsistent and inadequate funding releases which compelled the Ministry to borrow from Poverty Reduction Programme (PRP) funds

in order to avoid programmes grinding to a complete halt. The K586,596,349 had since been reimbursed.

Your Committee finds the misapplication of the funds, in question, very unfortunate as the implementation of activities under the PRP suffered and urges the Controlling Officer to desist from such tendencies in future. Your Committee resolves to close the matter subject to audit verification of the disbursement of the PRP funds.

(c) **Management of Contracts**

1. Kasiya Trades Training Institute

- *Male Hostels*

The delay in the works on the male hostels was caused by the proposal to change the design. Time was spent in submitting the formal request to Buildings Department to issue instructions to the contractor. However, the Buildings Department had since given the instructions to the contractor and work was on course.

St. Mary's Hostel

All works had since been completed and the contractor was working on the final painting jobs.

Dining Hall and Kitchen

The roofing and the painting works had all been completed.

2. Choma Trades Training Institute

- *Leaking Roof over the Dining Hall*

The leaking roof was rectified and was no longer leaking. However, the roof will continuously be tested until the expiry of the defects liability period to ensure that it is permanently rectified.

- *Stolen Pillar taps in Edmund Rice*

When rehabilitation for Edmund Hostel was completed, the hostel was handed over to the college management and the students were allowed to use it. In this case, thefts occurred after the contractor had shifted the responsibility of safe guarding of the building and its fixtures and fittings to management. The college management was now liable for the missing pillar taps. To recover the loss from the thefts, management was advised to effect penal measures against the students who were occupants of the hostel.

- *Lack of Storage facility:*

At the start of the project, it was agreed that all removed materials should be handed over to the college management. The two parties were urged to keep a correct record of all removals so that they could be properly accounted for. Two

people (one from the contractor and the other from the college) were appointed to carry out this task.

3. Solwezi TTI

The delays in the project were due to non-release of funds by the Ministry of Finance and National Planning in the fourth quarter of 2009. The Contractor eventually ran out of materials to proceed with the works according to the programme schedule. Further delays were caused by the heavy rains which were experienced in Solwezi during the 2009/2010 rainy season which forced the Contractor to slow down the works. The Contractor had since applied for extension and the approved new completion date was now 31st March, 2011.

4. Gemstone Processing and Lapidary Training Centre

The rehabilitation works were completed and handed over to the centre in 2009. The Contractor worked on all the identified defects during the defects liability period and when this period came to an end, the centre management was advised to work on the new defects as part of their maintenance programme. The College management was also advised that some problems such as burnt sockets, broken toilet seat covers and switches were caused by poor usage of the facilities by the students.

The Contractor has since removed the defective PVC water tank and replaced it with a new one. The Contractor has also recast the borehole.

5. Construction of Class rooms and Library – Mongu TTI

The construction of the classroom block, workshop and 2 hostel blocks at Mongu Trades Training Institute were not completed as at June, 2010. The Contractor was instructed to attend to all the poorly done works during the site inspection carried out in September, 2010. Since the Contractor did not provide site accommodation and sanitary facilities, the Ministry did not pay for these.

The Contract experienced delays in completion arising from a number of factors among which included:

- The late receipt of structural drawings for foundations
- The lack of pipe water on site
- Erratic electricity supply
- Delayed drawings for the drainage layout, and
- Delayed payment of certificate number two due to non availability of funds.

However, the contractor applied for extension of the Contract and Buildings Department approved the new completion date was set for 31st March, 2010. The letter for application of the extension from the Contractor and approval from Buildings Department were attached. The project had since been completed and was still within its defects liability period.

6. Kaoma

The ordinary cables were used to connect power as a temporary measure by the management in order to link students hostels, library and staff houses to the grid. However, the Contractor corrected the matter by using armored cables for connecting power. The project had since been completed and was handed over to the Ministry on 20th August, 2010.

As regards tank leakages indicated in the Audit Report, the Contractor exhibited poor workmanship. After numerous reminders, the Ministry reported the Contractor to the law enforcement agencies and a resolution was made to terminate the Contract. The letter informing the Contractor of the termination was attached.

7. Ukwimi TTI

- *Staff Houses*

The delay in the works on staff houses was caused by shortage of fuel that was prevailing in the country in 2009 and the non-release of funds by the Ministry of Finance and National Planning. The Contractor applied for an extension of the contract period and the project was extended for eight weeks. The approved new project completion date was 12th February, 2011. The project was since completed and was currently in the defects liability period.

- *Air Conditioners*

The consultants -Buildings Department- advised that the level at which the air conditioners were installed was the right position for them. The request to cage them in Y16 metal bars was not part of the contract. It was an extra expenditure which could have raised the cost of the project above approved limits.

- *Cracked floor*

The cracked floor for the corridor has since been rectified. Similarly, all the air conditioners, toilet handles on cisterns and fluorescent tubes that were not working were replaced by the Contractor prior to the handover of the project.

Your Committee observes the progress that has been recorded on various projects, but resolves not to close the matter until the responses were verified by the Office of the Auditor-General.

MINISTRY OF TOURISM, ENVIRONMENT AND NATURAL RESOURCES

AUDIT QUERY

PARAGRAPH 45

Programmes: Various
Activities: Various

Accounting and other irregularities

47. An examination of accounting and other records maintained at the Ministry Headquarters carried out in September 2010, and subsequent visits to Copperbelt, Luapula, Southern and Western provinces revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unsupported Payments-K65,745,634

The Controlling Officer submitted that supporting documents had been attached in respect of three payment vouchers namely: Vehicle Centre, Zesco and Toyota Zambia amounting to K16,911,505 leaving a balance of K48,834,129.

Your Committee expresses concern that the Ministry has been failing to ensure safe custody of accountable documents and urges the Controlling Officer to have provide supporting payments in respect of K48,834,129, and avail them to the office of Auditor-General for audit verification.

(b) Unretired Imprest-K530,065,330

The Controlling Officer explained that this amount shall be deducted from officers' salaries.

Your Committee urges the Controlling Officer to put in place strict monitoring measures so that imprest is administered according to regulations. Further, evidence of the recoveries should be provided to the Office of the Auditor-General for verification.

(c) Unaccounted for Stores

The Controlling Officer submitted that he had instructed the Head of Procurement and Supplies Unit to provide the necessary information regarding receipts and disposal details for the stores worth K410,927,523. The staff who were in charge of the stores had been transferred. Of the K115,810,000 worth of fuel without disposal details, K87,610,000 fuel details had been found, leaving a balance of K28,200,000.

Your Committee is concerned at the management of stores in the Ministry and recommends as below:

- The Controlling Officer should put in place strict measures to improve the management of stores in the Ministry.
- The Controlling Officer should strongly caution the erring officers instead of merely transferring them to other departments.
- The Controlling Officer should provide a progress report on the other documents that were still missing.

(d) Non Submission of Returns

World Tourism Day-K71,511,784

The Controlling Officer informed your Committee that the returns and the records on how funds were utilised had been received and were available for verification.

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

Plantation Expansion Promotion-K513,460,000

The Controlling Officer stated that of the total amounts of K513,460,000 disbursed , K290,000,000 worth of expenditure returns had been received from provinces leaving a balance of K223,460,000 to be accounted for by Lusaka, Luapula, North Western, Eastern and Northern provinces.

Your Committee urges the Controlling Officer to ensure that the remaining returns are received while those that have already been received are availed to the Office of the Auditor-General for scrutiny. Your Committee resolves to close the matter.

(e) Unrecovered Household Loans and Advances

In reply, the Controlling Officer informed your Committee that of the K40,100,000 salary advances, K25,700,000 had been recovered leaving a balance of K14,400,000. Further K315,500,000 of the K427,450,000 of the unrecovered household loans have been recovered leaving a balance of K108,950,000.

Your Committee fails to appreciate the challenges the Ministry is facing in effecting the recovery of the loans and urges the Controlling Officer to ensure that this is done without further delay. They await a progress report on the matter.

(f) Investment Promotion of Kawambwa Rubber Project

The Controlling Officer submitted that this was attributed to the untimely release of funds and the use of manual labour. In this regard, the Ministry wished to change from manual to mechanical weeding which was faster and efficient.

Your Committee resolves to close the matter.

(g) Construction of Cultural Villages

i. Non Submission of Reports

Your Committee was not given an explanation as to why the reports were not submitted in a timely manner and cautioned the Controlling Officer to ensure that all entities in her Ministry strictly complied with reporting obligations. The returns should be availed to the office of the Auditor-General for verification.

ii. Unretired Imprest

The Controlling Officer informed your Committee that the officer responsible for this imprest had been transferred but had been written to account for this unretired imprest. The receipts and disposal details to the material that were procured from the K252,952,000 imprest that the two officers carried, was available for verification. Schedules of the materials that were bought and issued to the project manager were available. Further, the project being a poverty alleviation programme was designed to engage the poor local community in the supply process so as to increase their economic benefit. In this regard, imprest was drawn to facilitate the procurement of building materials and services. The project document containing these details is available for verification.

Your Committee is concerned at the handling of imprest in the Ministry and urges the Controlling Officer to ensure corrective measures are urgently instituted. Your Committee resolves as follows:

- All expenditure and stores details in respect of the K252,952,000 should be availed for audit verification;
- Recoveries from the officer's salary be instituted in respect of K85,100,000 a progress report on the matter is awaited.

MINISTRY OF SPORT, YOUTH AND CHILD DEVELOPMENT

AUDIT QUERY

PARAGRAPH 46

Programmes: Various
Activities: Various

Accounting and other irregularities

48. An examination of accounting and other records maintained at the Ministry Headquarters carried out in March 2010, revealed several irregularities and the Controlling Officer responded as set out below.

(a) Lack of Expenditure Returns - Youth and Child Departments

The Controlling Officer, informed your Committee that expenditure returns amounting to K131,188,893 have since been submitted by the six Institutions. In view of the non submission of returns, the Ministry has discontinued disbursing funds to institutions which have failed to account for the grants.

While noting the submission by the Controlling Officer, your Committee urges him to ensure the expenditure returns for funds already disbursed are obtained from the recipient organisations. They await a progress report on the matter.

(b) Wasteful Expenditure-K244,568,208

The Controlling Officer informed your Committee that a room fitted with security gadgets for use as Audio-Visual Room had been secured and a dedicated team comprising of officers from Human Resources and Administration, Child, Youth and Sports Departments underwent intensive training in handling the equipment and production of documentaries. The use of the camera was in full operation.

Your Committee resolves to close the matter.

(c) Unsupported Payments-K328,201,992

The Controlling Officer informed your Committee that the bills were in the custody of Football Association of Zambia at the time of audit in March, 2010. However, authenticated bills were now available for your record.

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

(d) Failure to Follow Voluntary Medical Services Guidelines

The Controlling Officer, informed your Committee that the Ministry paid the University Teaching Hospital a sum of K26 million to provide high cost medical scheme before approval by the Secretary to the Cabinet.

He regretted that a 40 percent contribution by the employees was not effected as a requirement then. However, in December, 2010 the Ministry directed all employees to contribute a sum of K87,394 as recovery. A minute to the Director, Payroll Management and Establishment Control, instructing him to effect the deductions was attached.

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

(e) Wasteful Expenditure-Purchase of Air-Tickets

The Controlling Officer, informed your Committee that the air tickets valued at K96,568,517 were not claimed because the air tickets provided by the airline agent were non refundable. At the time of return after the Orange Africa Cup of Nations from Angola, the Government arranged alternative transport to bring all the players to Lusaka.

As regards tickets worth K299,000,000 bought from Cisongo Travel and Tour Limited without the approval of the Ministerial Tender Committee, the Controlling Officer, informed your Committee that authority from the Ministerial Tender Committee was not conveyed because of the short time frame between submission of the request by Football Association of Zambia and date of travel. Hence, the decision was made to go ahead and procure the tickets, and present the request to Procurement Committee at a subsequent Tender Committee Meeting.

Your Committee is expresses concern that in an effort to assist the Football Association of Zambia, the Ministry was made to incur wasteful expenditure. Your Committee urges the Controlling Officer to be firm with associations because most of their activities are planned for well in advance. Further, the Ministry should put measures in place to ensure that, in future, payments were made after all visas were ready. A loss report should be processed. Your Committee urges the Controlling Officer to prepare a loss report and submit it to the Secretary to the Treasury for approval.

MINISTRY OF DEFENCE

AUDIT QUERY		PARAGRAPH	47
Programme:	Various		
Activities:	Various		

Accounting and Other Irregularities

49. An examination of accounting and other records maintained at Ministry Headquarters and a visit to selected units in April 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unretired Imprest-K395,330,079

The Controlling Officer submitted that out of the unretired imprest of K395,330,079 a total of K111,514,310 had since been retired, leaving a balance of K283,815,769 unretired. Recoveries had been instituted on erring Officers.

Your Committee is concerned at the way imprest is being administered in the Ministry of Defence and urges the Controlling Officer to ensure that strict controls were put in place to correct the situation. He is also urged to ensure that the balance of K283,815,769 is retired without further delay and provide documentary evidence to the Auditor-General's Office for verification.

(b) Unaccounted for Stores

The Controlling Officer submitted that receipt and disposal details of stores items amounting to K81,255,000 were indeed not made available for verification. Goods indicated amounting to K20,750,000 were actually meant for Joint Permanent Commission meetings which were organised in collaboration with the Office of the President. As such some of the records for the items in question were handled by them making it difficult to avail them for audit. Other items were in respect of drugs that were receipted and used by the Services under Ministry of Defence, a letter was written to Defence Force Medical Services (DFMS) requesting for disposal details. He said it was regrettable that these records were not availed for verification.

While noting the submission by the Controlling Officer, your Committee urges him to mobilise all the stores records in question and avail them to the Office of the Auditor-General for audit scrutiny. They await a progress report on the matter.

(c) Misapplication of Personal Emoluments- K171,360,000

The Controlling Officer submitted that the payment for allowances amounting to K171,360,000 was made under personal emoluments instead of Recurrent Departmental Charges (RDCs) because at that time, the Office did not have sufficient resources to cater for the emergency trip that arose for troops to travel to Libya for a national assignment.

Your Committee notes that this is a serious abrogation of the Financial Regulations on variation of funds because misapplication of funds meant for personal emolument programmes is expressly prohibited. The Controlling Officer should write to the Secretary to the Treasury to seek guidance on how to proceed with the matter. They await a progress report on the matter.

(d) Non Recovery of Loans and Advances

The Controlling Officer submitted that recoveries had since been effected on the Officers' pay slip. As at February 2011, out of the K12, 000, 000 tuition loan, K8, 000,000 had already been recovered leaving a balance of K4, 000, 000 to be fully recovered in the next 10 months.

Your Committee resolves to close the matter.

(e) Payments of loans and advances to indebted officers

The Controlling Officer submitted that the Ministry had put measures in place to ensure that no officer whose net pay was less than 40% was paid any advance or loan.

Your Committee resolves to close the matter subject to audit verification of the effectiveness of the measures being implementation.

(f) Construction of ZNS Houses

The Controlling Officer submitted that out of the budgeted K56,228,787,550 (which included a supplementary budget of K20,725,000,000) for specialised training equipment and infrastructure construction for the year 2009, the Ministry was only funded a total of K37,996,940,210. As a result of the underfunding, the Ministry had to make payments mostly to international companies to honour contractual obligations and avoid severe penalties that could ensue as a result of failure, hence the default on the China Geo Contract.

He submitted further that contrary to the Auditors' observation, there was no funding amounting to K1,986,885,090 that came to the Ministry as special funding for the Makeni Project ZNS housing project in the year 2009. Instead funds received were either for specialized training equipment or infrastructure construction.

Your Committee is concerned that the project was not prioritised by the Ministry resulting in the works stalling. Your Committee resolves to await a progress report on the completion of the project.

MINISTRY OF EDUCATION

AUDIT QUERY		PARAGRAPH	48
Programmes:	Various		
Activities:	Various		

Accounting and Other Irregularities

50. An examination of accounting and other records maintained at the Ministry Headquarters and visits to provincial offices carried out in March 2010, revealed several irregularities and the Controlling Officer responded as set out below.

a) **Missing Payment Vouchers- K21,880,882,613**

The Controlling Officer explained to your Committee that payment vouchers amounting to K10,475,690,636.04 had been found leaving a balance of K11,405,191,976.96 involving 228 payment vouchers. Efforts were being made to ensure that all the remaining payment vouchers were found.

Your Committee is concerned with the huge number of vouchers missing and amount involved and strongly urges the Controlling Officer to put strict internal controls and monitoring mechanisms in place. The Controlling Officer is also directed to ensure that the missing payment vouchers are found and provide a progress report to your Committee after having the documents verified.

b) **Inadequately Supported Payments-K4,155,052,073**

The Controlling Officer submitted that twenty eight payment vouchers, amounting to K1,549,531,007 had been adequately supported with relevant supporting documents, leaving a balance of forty-two payment vouchers amounting to K2,605,521,006. The Ministry had appointed an officer who had been charged with the responsibility of batching all documents regarding all payments processed.

Your Committee appreciates the measures put in place to promote safe keeping of accountable documents but urges the Controlling Officer to ensure that the payments in respect of K2,605,521,006 still unsupported, are found without further delay. They resolve to await a progress report on the matter.

c) **Unretired Imprest- K2,769,371,915**

The Controlling Officer explained that a total of K2,625,784,253 had been retired leaving a balance of K143,587,662.

Your Committee urges the Controlling Officer to provide the documents relating to the retired imprest to the Office of the Auditor-General for verification and to ensure that the remaining imprest of K143,587,662 is retired without further delay. Your Committee resolves to await a progress report.

d) Mirror Account

i. Differences in Amounts on the Voucher and Backing Sheets

The Controlling Officer reported to your Committee that it was regrettable that there were differences in amounts that were appearing on the payment vouchers from those on the backing sheets and measures had been put in place to prevent the recurrence of the irregularity.

Your Committee expresses concern that disciplinary action was not taken against accounting officers involved in causing this irregularity and urges the Controlling Officer to strongly caution the erring Officer and provide a progress report on the matter.

ii. Failure to Write Back Stale Cheques and Other Anomalies-K1,117,761,380

The Controlling Officer stated that the Ministry acknowledged the oversight and had raised credit backing sheets to write back all cancelled and stale cheques.

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

iii. Non remittance of unpaid funds from commercial bank to Bank of Zambia

The Controlling Officer informed your Committee that the Ministry had raised credit backing sheets to reverse the transactions. As a measure to ensure that this matter did not recur, the Ministry had started raising credit backing sheets on a monthly basis in order to prevent these funds from being absorbed on servicing bank charges.

Your Committee resolves to close the matter subject to verification.

iv. Payments made before backing sheets are presented to Bank of Zambia-K6,700,556,451

The Controlling Officer admitted that in the year under review, there were 108 cheque payments amounting to K1,672,992,803.54 payable to a number of officers/institutions and one EFTA amounting to K5,027,563,650 paid to Bursaries Committee – UNZA before the backing sheets were cleared by the Bank of Zambia. The payment to the Bursaries Committee was done in the spirit of expediting payment of meal allowances to students who had run out of ration money and to avoid disturbances due to prolonged students' registration procedures.

While appreciating the reasons advanced in the Bursaries Committee transaction, your Committee notes that payments to other officers and institutions were done in total disregard of financial regulations. The Controlling Officer is urged to ensure this does not recur and not to defend irregularities. The Auditor-General is urged to keep the matter in view.

e) Irregular engagement of companies to supply goods and services

The Controlling Officer explained that most of these transactions in this category, were transactions related to procurement of air tickets for those who travelled at short notice or those whose authority was granted at the last minute prior to their travel. Under these circumstances, the Ministry was left with little choice but to negotiate with airlines or travel agencies to issue tickets on credit.

This matter had been noted by the Ministry and all procurements of goods and services, works and consulting services above K50,000,000 were now subjected to authorisation by the Ministry Tender Committee.

Your Committee advises the Controlling Officer that this is an irregularity which should not be defended. He is further urged to ensure that the regulations are strictly adhered to in the Ministry in order to avert unnecessary audit queries. They resolve to close the matter.

f) Unaccounted for Stores Items- K322,873,600

The Controlling Officer informed your Committee that stores items valued at K235,111,000 involving eleven transactions had updated receipt and disposal details, leaving a balance of six transactions valued at K87,762,600. Efforts were being made to ensure that all the remaining stores items had updated receipt and disposal details

Your Committee urges the Controlling Officer to ensure that all the remaining disposal details in respect of K87,762,600 are found. He is also urged to take disciplinary action against the stores officer responsible for the omission. Your Committee resolves to await a progress report.

g) Irregular Payment

The Controlling Officer explained that an amount of K9,597,260 paid on Cheque no. 418426 dated 8th December, 2009 was to facilitate payment for full board and lodge following the extension of the workshop. The authority for the extension of this exercise was obtained and was available for audit verification.

Your Committee is of the view that this matter should have been explained to the auditors during the audit process and advises the Controlling Officer to pay attention to the audit process by providing the necessary documents to the auditors. He is urged to avail the authority to extend the workshop to the office of the Auditor-General for verification.

h) Revolving Fund

i. Non Maintenance of Loans and Advances Register

The Controlling Officer explained that the register was misplaced at the time of audit but was available for audit verification.

Your Committee is concerned that documents that were not available at the time of the audit often resurfaces when the Controlling Officer appears before your Committee. Your Committee resolves to close the matter subject to audit verification.

ii. Advances not Fully Recovered

The Controlling Officer submitted to your Committee that deductions had been effected for the remaining months from all the affected officers and payslips were available for audit verification.

Your Committee notes that the poor management of loans and advances at the Ministry, is a direct result of pure negligence of duty by responsible officers and urges the Controlling Officer to take disciplinary action where necessary. Your Committee resolves to close the matter subject to audit verification.

i) Mismanagement of School Health and Nutrition Funds (SHN)

i. Irregular Adjustment of Tender

In response, the Controlling Officer submitted to your Committee that contrary to the Office of the Auditors-General observation that the Ministry Tender Committee adjusted the tender from the bid sum of US\$980,907 to US\$ 1,227,205, which was above the Ministry's threshold without authority from ZPPA, the fact of the matter was that authority was obtained from ZPPA on 13th January, 2009 taking into account three additional districts namely; Kaoma, Mongu and Shangombo which were included in the tender document. These additional districts resulted into the increase in the bid sum from US\$ 980,907 to US \$1,227,205.

Your Committee expresses concern that this explanation was not rendered to the auditors at the time of audit. Your Committee requests the Auditor-General to undertake a verification of documentary proof of authority to include three more districts.

ii. Payments made Without Acceptance Certificates

The Controlling Officer informed your Committee that all the beneficiary districts had acknowledged receipt of Food Supplements and the acknowledgement letters were available for audit verification.

Your Committee is concerned that the terms of the contract despite being clear were deliberately contravened and urges the Controlling Officer to caution the officers that were involved in the irregularity. Your Committee also urges the Office of the Auditor-General to verify that all acknowledgement letters have been received

iii. Failure to Claim Liquidated Damages

The Controlling Officer informed your Committee that the delay in the delivery of the food supplements was attributed to the heavy flooding in the recipient areas which made the roads impassable between January and April 2009. This flooding caused the delay in commencing the distribution exercise. Instead of starting the distribution in February, the exercise began in April 2009 resulting in late completion of the delivery by ten weeks. This development was adequately

communicated between the supplier and the Ministry, resulting into none enforcement of the liquidated damages clause 13 to the contract.

Your Committee notes with concern that the Ministry failed to bring this to the attention of the auditors during the time of the audit. In closing the matter, your Committee directs the Controlling Officer to avail the Office of the Auditor-General with proof of the communication between the Ministry and the contractor on the extension of the delivery period.

iv. Delivery to Districts

○ **Nyimba District – District Education Board Secretary (DEBS) Office**

The Controlling Officer reported that the records which were not availed to the auditors at the time of audit were now available for verification in respect of Ndeke Basic School, Nyimba Basic School, Mulira Basic School and Chikontha Basic School.

With regards to the schools which did not receive the quantities of sachets as per distribution list, which came from the Ministry Headquarters, the Controlling Officer informed your Committee that these schools were on World Food (WFP) School Feeding Programme and they had enough in stock. The Ministry, therefore, decided that the remaining quantities be given to other schools for fear that Provitax could go bad.

Your Committee expresses concern at the rampant poor record keeping at the Ministry and urges the Controlling Officer to take concrete steps to address the matter. The Office of the Auditor-General is requested to verify the submission before the matter can close.

○ **Luangwa District – DEBS Office**

The Controlling Officer explained that all the three benefiting schools received the Food Supplements although Kapoche and Chiriwe Basic Schools received more quantities of sachets over and above what was approved by Ministry headquarters. This was due to the increased pupil population in the two schools. The distribution schedule of Food Supplements from the District Education Board Secretary (DEBS) office to the benefiting schools was now available for verification.

Your Committee expresses concern that this explanation was not rendered to auditors during the audit process and urges the Controlling Officer to avail the distribution schedule for audit verification. They await a progress report on the matter.

v. Failure to Follow Guidelines

The Controlling Officer submitted to your Committee that the Ministry could not provide evidence for activities undertaken despite imprest in amounts totalling K587,882,440 having been paid for. The reports concerning the activities that were undertaken involving the said imprests were available for audit verification.

Your Committee expresses concern that the Controlling Officer could not furnish them with any reasons why guidelines were not followed. Your Committee also notes that there are a lot of weaknesses in the implementation of the programme and urges the Office of the Auditor-General to consider undertaking a comprehensive performance audit of the programme.

j) Dismantling of Personnel Related Arrears

i. Ministry Headquarters-Unsupported Payments-K337,066,963

The Controlling Officer explained to your Committee that all the eighteen payments that had been supported by leave forms were available for audit verification. The leave forms were filed on the respective personal files for the officers.

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

ii. Mongu DEBS

The Controlling Officer informed your Committee that a balance of K55,445,758 was applied on RDCs, specifically for payment of bills such as electricity and water due to erratic funding from Headquarters in the hope of reimbursing the funds when RDCs funds were released. The District Education Board Secretary (DEBS) had since reimbursed the funds.

Your Committee expresses concern that funds meant to clear personnel arrears were diverted to other activities, resulting in officers suffering further delays in receiving their dues. Your Committee urges the Office of the Auditor-General to verify the reimbursement of the K55,445,758 and evidence of Treasury authority to vary the funds.

iii. Kitwe DEBS

The Controlling Officer reported that retirements for payments of fixed band housing allowances amounting to K1,831,540,000 had been provided leaving a balance of K808,500,000. Efforts were being made to ensure that the remaining amount was retired in full.

Your Committee urges the Controlling Officer not to relent until all supporting documents are found and availed for verification by the Auditor-General. They await a progress report on the matter.

k) Teachers Distress Grant

i. Non submission of Expenditure Returns - All Provinces

The Controlling Officer stated that K442,853,362 had been retired, leaving a balance of K257,146,638. Every effort was being made to ensure that all the retirements were availed for audit verification.

Your Committee finds the failure by the PEOs to provide returns as required, unacceptable and an indication of lack supervision in the Ministry. They urged the Controlling Officer to ensure that the returns were obtained and to take disciplinary action against officers that were failing to meet their reporting obligations. They await a progress report on the matter.

ii. Misapplication of Funds -Copper belt Province

The Controlling Officer informed your Committee that the District misapplied the Teachers' Distress Grant amounting to K9,500,000 as a result of miscommunication between Headquarters and the province. The DEBS office reimbursed a total amount of K9,500,000 from OVC's funds to Teacher Distress and the whole amount was spent on Teachers distress as was stipulated in the guidelines.

In noting the explanation, your Committee urges the Controlling Officer to obtain Treasury authority for the misapplication and avail it for verification to the auditors before the matter can be closed.

l) High School Thermal Power-Luangwa High School

The Controlling Officer submitted that the receipt and disposal details for 93,772 litres of fuel had been updated and were available for audit verification.

Your Committee finds the rampant poor record keeping in the Ministry unacceptable and urges the Controlling Officer to be firm in bringing about change to correct the situation. He is urged to avail the record to the Office of the Auditor-General for verification.

m) Bursaries to Orphans and Vulnerable Children (OVC)

The Controlling Officer submitted that all the Districts across the country had utilised the funds in full and the beneficiary pupils/students who were identified and assessed by the Ministry of Community Development and Social Welfare benefitted from the funds.

Your Committee notes that failure to provide returns is unacceptable and an indication of lack of professionalism in the Ministry. The Controlling Officer is urged to avail the returns to the office of the Auditor-General, for audit verification.

MINISTRY OF EDUCATION-HEADQUARTERS

AUDIT QUERY

PARAGRAPH 49

Programme: Bursaries Committee
Activities: Various

Accounting and Other Irregularities

51. A scrutiny of accounting and other relevant records pertaining to the award of bursaries and accounting of bursary funds carried out in November, 2010, at Ministry Headquarters and Bursaries revealed several irregularities and the Controlling Officer responded as set out below.

a) Failure to Provide Acquittal Sheets-Russia-K855,150,000 (US\$171.030)

The Controlling Officer informed your Committee that the irregularity was caused by the absence of education attachés at the Embassy. Most of the documents were not filed and could not be traced. The Mission Accountant had been detailed to put the books in order.

Your Committee does not accept the explanation that the absence of an education attache' was to blame for the omission because the Accountant at the Mission should have handled all the documents. The Controlling Officer is urged to find all the missing supporting documents and avail them for audit verification before the matter can be closed.

b) Irregular Payment of Allowances-China- K70,000,000 (US\$14,000)

The Controlling Officer informed your Committee this was done purely by mistake. These were GRZ sponsored students who went as undergraduates but opted upon graduation to remain in China and enroll for post graduate programmes on self sponsorship. When an announcement was made about the payment of top up allowances, this category of students joined the sponsored students for the payment of allowances. Without double checking, the cashier from the Embassy in Beijing paid them. These students had since been informed of this irregular payment and they have agreed to pay back the money.

Your Committee resolves to await a progress report on the recovery of the money, but wonders how students, who were not officially entitled to these allowances, could get them. The Controlling Officer is urged to put controls in place to avert recurrence of the anomaly.

MINISTRY OF EDUCATION

AUDIT QUERY		PARAGRAPH	50
Programmes:	Various		
Activities:	Various		

Accounting and Other Irregularities

52. An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Education Offices (PEOs), selected District Education Boards (DEBS), Colleges of Education, High and Basic schools, carried out between May 2010 and November 2010 revealed that there were weaknesses in internal control systems. In particular, large sums of imprests were not retired, accounts had not been reconciled and there were misapplication/misappropriation of funds, irregular payments, inadequate monitoring of projects and supply contracts among others. In addition, preparation of financial statements was delayed and as a result, the accounts were not rendered for audit on time. The Controlling Officer responded as set out below.

a) Unvouched Expenditure-K916,398,667

In response, the Controlling Officer submitted that the Ministry had embarked on the program to ensure that all missing documents and attachments to payment vouchers were traced.

The Auditor-General, in her verification report revealed that 153 payment vouchers in respect of amounts totalling K791,750,867 were still unvouched.

Your Committee resolves to await a progress report on the vouching of the balance of K791,750,867 which should be availed to the Office of the Auditor-General for verification.

b) Misapplication of Funds-K2,087,415,640

The Controlling Officer informed your Committee that a total of K1,078,522,857, has been reimbursed, leaving a balance of K1,008,892,783. The misapplication arose mainly due to late release of funds.

However, the Auditor-General in her verification report revealed that only K922,669,354 had been reimbursed leaving a balance of K1,164,746,286 still to be reimbursed.

Your Committee urges the Controlling Officer to desist from misapplying funds without seeking the authority of the Secretary to the Treasury. He is thus urged to seek retrospective approval for the variation.

c) Unretired Imprest-K2,524,689,590

In his response, the Controlling Officer stated that imprests in amounts totalling K1,468,199,430 had been retired leaving a balance of K1,056,490,160.

However, the Auditor-General in her verification report revealed that only K768,141,882 was yet to be retired by sixty-seven officers.

Your Committee observes that the amount still unretired was very huge and urges the Controlling Officer to ensure that all the imprest is retired without further delay and provide a progress report.

d) Unaccounted for Stores-K1,149,124,904

The Controlling Officer submitted to your Committee that out of K1,149,124,904 stores items that had no disposal details, stores items worth K1,080,601,812 had been found leaving a balance of K68,523,094.

While noting progress made in tracing the majority of the disposal details that were missing, your Committee urges the Controlling Officer to ensure that measures are put in place to avoid the recurrence of the query. Efforts to find the remaining documents should continue and these should be availed to the Office of the Auditor-General for verification.

e) Management of Contracts

(i) Civil Works

▪ Advance Payments in Excess of Contract Provisions-K22,986,341,080

The Controlling Officer submitted that the advance payments has since been recovered through payments for subsequent certificates and the bonds had since been released to the contractors.

Upon advice from the office of the Auditor-General that the matter had been resolved, your Committee resolves to close the matter.

Eastern Province

▪ Construction of Basic Schools

The Controlling Officer informed your Committee that the defects such as cracks which had developed on the floors and aprons had been rectified by the contractor. As regards the solar panels which were malfunctioning, the contractor had indicated to come back on site and work on the solar system after obtaining spare parts since the matter was reported to the contractor within the defects liability period.

Your Committee notes the submission, but resolves not to close the matter until the malfunctioning solar panels are worked on and other works verified by the Office of the Auditor-General.

Southern Province

▪ Niko Girls Technical Boarding High School

The Controlling Officer informed your Committee that the Ministry did not avail the Bank Guarantee from the contractor which was provided for the advance payment to the auditors for audit scrutiny. This Bank Guarantee was available for audit verification.

In closing the matter your Committee expresses concern at why necessary documents for audit were always claimed to be available after the audit. The Controlling Officer is directed to avail the bank guarantee for audit verification.

▪ Construction of Basic Schools

The Controlling Officer informed your Committee that the contractor had been notified of these defects and he had since indicated that he would rectify them. The Ministry had not yet paid the contractor his final payment.

Your Committee observes that the final payment should not be made until the defects are rectified and resolves to await a progress report on the matter.

▪ Construction of Namwala Central Basic School

The Controlling Officer submitted that the contractor was on site and the works were in progress. So far the following works had been done plastering, flooring fitting of doors, fitting of burglar bars, grill gates, locks, meter boxes, electrical wiring and painting. The Ministry had also written to the contractor to ensure that works were completed within the extended period of time.

Your Committee resolves to await a progress report on the completion of the works before the matter can be closed.

▪ **Construction of Basic Schools at Kaunga and Kooma**

Kaunga Basic School

The solar system installed at the school was not functioning properly in that the inverter in one of the staff houses was faulty while the voltage in the classroom blocks was fluctuating causing damage to bulbs.

The Controlling Officer submitted that the Ministry had informed the contractor to go back to the school and rectify the faults. The complaint was reported within the defects liability period and the contractor had acknowledged receipt of a report.

Your Committee resolves to await a progress report on the matter before it could be closed.

Kooma Basic School

The Controlling Officer stated that the Ministry had informed the contractor to make good of the defects while still in the defects liability period.

Your Committee recommends that final payments should not be made to the contractors until all the identified defects are worked. They await a progress report on the matter.

▪ **Kabanga Basic School – Over Payment to Contractor-K682,679,933**

The Controlling Officer submitted that the school had been completed and handed over to the Ministry as at the time of audit. It was however, regretted that the Ministry made an over payment of K682,679,932 to the contractor. Following the reconciliation of the payments made to African Brothers, the Ministry wrote to the contractor informing him of the over payment and the Contractor acknowledged the overpayment and had since refunded.

Your Committee observes that the overpayment was unfortunate and urges the Controlling Officer to take disciplinary action against the officers responsible for the overpayment. They also direct him to provide proof of the refunds, including bank statements, to the Office of the Auditor-General for verification before the matter can be closed.

Sinandabwe Basic School

The Controlling Officer regretted that there was an over payment of K691,098,997 to the Contractor. Following the reconciliation of all the payments which were made to African Brothers Corporation, the Ministry wrote to notify the contractor of the over payment of K691,098,997. The Contractor acknowledged the over payment and is in the process of refunding the Ministry.

Your Committee observes that it is the same contractor who was overpaid even in the other case and wonders if this could be attributed to genuine human error. Your Committee instructs the Controlling Officer to carry out investigations to establish what led to the overpayments and furnish your Committee with a progress report on the matter before it could be closed. Further, details in respect of the refunds should be availed to the Auditor-General for verification.

- **Construction of Kapiri Mposhi Day High School - Central Province**

Upon the advice of the Auditor-General that the all the defects, such as cracks on the staff houses and assembly, have been worked on, your Committee resolves to close the matter.

- **Construction of Chavuma Boarding High School-North Western Province**

The Controlling Officer told your Committee that most of the works that had been reported outstanding in the Auditor-General's Report had been completed while the contractor was on site and work was progressing.

Your Committee requests the Office of the Auditor-General to verify the works that had been done so far.

Lusaka Province

- **Kabanana High School**

The Controlling Officer submitted that completion was delayed due to difficulties that were experienced in finding land on which to build the school. Further in 2010 the Ministry could not honour the claims for certificate works from the contractor for more than five months because donors did not release their pledges. All the structures were at roof level while the contractor was on site and works were in progress.

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

- **Construction of a Library, a Lecture Theatre, and Two Double Storey Lecture Room Blocks- ZAMISE**

Upon the advice of the Auditor-General that all the works have been completed, your Committee resolves to close the matter.

- **Construction of a Strong Room - Examinations Council of Zambia**

Upon the advice of the Auditor-General that all the cracks have been mended and the fire alarm system worked on, your Committee resolves to close the matter.

- **Construction of Basic Schools - Chongwe District**

Upon the advice of the Auditor-General that the all the defects, such as cracks on the staff houses and assembly, have been worked on, your Committee resolves to close the matter.

Luapula Province

- **Construction of Mponde Day High School**

The Controlling Officer submitted that the contractor was on site and works were in progress, while plastering, flooring, roofing, fitting of doors and window frames and painting had been done.

Your Committee will await a progress report on the matter.

- **Construction of Lukwesa Day High School Phase 1**

The Controlling Officer regretted that a total amount of K24,444,784,369 was paid against a contract sum of K23,054,991,519 resulting into an over payment of K1,389,792,847. After the reconciliation of payments made to Apollo Enterprises Limited, the Ministry wrote to the contractor notifying him of the over payment of K1,389,792,847. The contractor has since acknowledged the over payment and he has committed to refund the Ministry.

Your Committee expresses concern at why overpayments were so rampant at the Ministry of Education and instructed the Controlling Officer to take disciplinary measures against officers responsible. The Controlling Officer is also urged to ensure that refunds are pursued aggressively.

- (ii) **Contracts for the Supply of School Desks**

- *Undelivered School Desks - Central Province*

The Controlling Officer submitted that contrary to the Auditors observation, Setrec and Wood processing Limited was paid K240,000,000 for the Supply and delivery of 800 school desks but as of December, 2010 a total of 68 desks amounting to K20,400,000 had not been delivered. The current position was that twenty desks amounting to K6,000,000 had been delivered leaving a balance of forty-eight desks amounting to K14,400,000.

The Auditor-General reported to your Committee that as at April,2011 forty-eight desks in Mumbwa District had not been delivered.

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

- *Supply of Double Seater School Desks - Luapula Province*

Upon the advice of the Auditor-General that the delivery of all desks had been verified, your Committee resolves to close the matter.

- *Non Delivery of Desks -Copperbelt Province*

Upon the advice of the Auditor-General that the delivery of all desks had been verified, your Committee resolves to close the matter.

- (i) **Delay in the Supply and Delivery of Free Education Materials- Copperbelt Province**

Upon the advice of the Auditor-General that the delivery of all free education materials had been verified, your Committee resolves to close the matter.

- (ii) **Construction of Classroom Blocks**

The Controlling Officer provided the following update.

District	STATION	SCOPE	WORKS DONE
Lundazi	Egichikeni Basic School	Construction of a 1x2 CRB	Classroom Block has been completed and the following works have been done; floor screed, glazing, window stays were fitted and painting has been done and the structure is complete.
Nyimba	Ghosite Basic School	Construction of a 1x3 CRB	Classroom Block has been completed and is in use.
Katete	Chamalaza Basic School	Construction of a 1x3 CRB	CRB has been completed and is in use. The School will receive its allocation of desks in this years procurement. The DEBS office in conjunction with the community have started mobilizing resources to construct VIP latrines.
Chama	Manda Hill Basic School	Construction of a 1x3 CRB	The classroom block is at gable level and spider trusses are being fitted.
Livingstone	Linda Basic School	Construction of a 1x3 CRB	The current position is that; Roofing, fitting of doors and mortice locks to all the classroom doors has been done while fitting of glass panes is in progress. The remaining works are; construction of spoon drains and painting.
	High lands Basic School	Construction of a 1x3 CRB	The current position is that, Plastering, internal painting, fitting of doors and mortice locks and flooring has been done while glazing and fitting of glass panes is in progress. The remaining works are; construction of spoon drains and external painting
	Zambezi Sawmills Basic School	Construction of a 1x2 CRB	The current position is that, fitting of doors and mortice locks, construction of spoon drains has been done while glazing and fitting of glass panes is in progress. The remaining works are; painting of the entire structure.
Choma	Muntanga Basic School	Construction of a 1x3 CRB	The current position is that; the classroom block has been completed and it is in use.
	Mutama River Basic School	Construction of a 1x3 CRB	The current position is that, metal works, floor screed and internal plastering has been done while external plastering is in progress with rest of works outstanding.
	Sivuwa Basic School	Construction of a 1x2 CRB	The current position is that the classroom block has been completed and it is in use.
Mazabuka Sinazongwe	Chizika Basic School	Construction of a 1x3 CRB	The current position is that; the CRB has been plastered, one classroom and an office has been floored. A class and half have been glazed. The remaining works are construction of the drainage, painting fixing of glass panes and shelving.
	Upper Kaleya Basic School	Construction of 1x3 CRB	The current position is that, door fitting, painting and crack mending has been done. The remaining works are construction of the drainage.
	Hillside Basic School	Construction of a 1x3 CRB	The current position is that the CRB has been completed except for the construction of the drainage. The cracks that had manifested in the two classrooms have been worked on.
	Nanga Special School	Construction of a 1x3 CRB	The current position is that, glazing, fitting of doors, flooring has been done. The remaining works are painting, construction of spoon drain and construction of window sills.
	Chijanwa Basic School	Construction of 1x2 CRB	The current position is that, the CRB has been completed and it is in use.
	Mulobezi Basic School	Construction of a 1x3 CRB	The current position is that, construction of the spoon drain has been done according to the approved drawing plan, fixing of the 13 No. glass panes has been done, mending of a crack in one classroom has been done. painting has been done and plastering of 2 No, window

			sills and ant-guard has also been done.
Monze	Hamusonde Basic School	Construction of 1x3 CRB	The current position is that the classroom block has been roofed with the following works outstanding; plastering, fitting of doors, and window frames, glazing and construction of drainage.
	Njola East Basic School	Construction of a 1x3 CRB	The current position is that, the classroom has been roofed with the following Works outstanding' plastering, painting, construction of drainages and glazing
Itezhi Tezhi	Kakuse Basic School	Construction of a 1x3 CRB	The current position is that, glazing and plastering has been done with the remaining works outstanding, painting and drainages.
Kalomo	Mbole Basic School	Construction of 1x3 CRB	The current position is that, rough casting, painting, fitting of doors, drainage and glazing is being done.
	Kanchele Community School	Construction of a 1x3 CRB	The current position is that' plastering, iron mongering such as door frames and window frames have been done while flooring is being done with the rest of the works such as painting, fitting of window panes and construction of drainages still outstanding.
Namwala	Ndema Basic School	Construction of a 1x3 CRB	The current position is that, roofing, fitting door and window frames, plastering and flooring has been done. The remaining works are construction of drainages, fitting of doors, glass panes and painting.
	Simanje Basic School	Construction of a 1x3 CRB	The current position is that, roofing, window and door frames fittings, plastering, flooring and construction of drainages have been done. The remaining works are; fitting doors, locks, glass panes and painting.
Kazungula	Namapande Community School	Construction of a 1x3 CRB	The current position is that, plastering works are in progress. The remaining works are' flooring, construction of aprons and spoon drains, fitting of doors and shelves, glazing and painting.
Mumbwa	Nachibila Basic School	Construction of a 1x3 CRB	The current position is that roofing, internal and external plastering, fitting window and door frames have been done, while rough casting, flooring glazing, painting and dish drains are outstanding.
Chibombo	Kaminembe Basic School	Construction of a 1x3 CRB	The current position regarding the construction works is that roofing, plastering, flooring, fitting of window and door frames have been done while rough casting, painting, glazing are still outstanding
	Mwapula Basic School	Construction of a 1x3 CRB	The current position regarding the construction works is that the 1x3 CRB has been completed and it is in use.
	Nachinya Basic School	Construction of a 1x3 CRB	The current position regarding the construction works is that roofing, plastering, flooring, rough casting, dish drains, painting and fitting of window and door frames have been done while glazing is still outstanding.
	Mashikili Basic School	Construction of a 1x2 CRB	The current position regarding the construction works is that the 1x2 CRB has been completed and it is in use.
Serenje	Fikondo Basic School	Construction of a 1x3 CRB	The current position regarding the construction works is that roofing, plastering, flooring, rough casting and dish drains have been done while the outstanding works are painting and glazing.

	Mutale Basic School	Construction of a 1x3 CRB	The current position regarding the construction works is that roofing, plastering, flooring, glazing, rough casting and dish drains have been done while painting is still outstanding.
	Kabwe Kupela Basic School	Construction of a 1x3 CRB	The current position regarding the construction works is that the 1x3 CRB has been completed and it is in use.
Kapiri Mposhi	Lubuto Community School	Construction of a 1x3 CRB	The current position regarding the construction works is that roofing, internal plastering, fitting of window and door frames have been done while the outstanding works are external plastering, rough casting, painting and dish drains.
	Mulungushi Community School	Construction of a 1x3 CRB	The current position regarding the construction works is that roofing, internal plastering, fitting of window and door frames have been done while outstanding works are external plastering, rough casting, painting and dish drains.
	Chibobo Community School	Construction of a 1x3 CRB	The current position regarding the construction works is that the 1x3 CRB has been completed and it is in use.
Kabompo	Nkulwashi Basic School	Construction of a 1x2 CRB	The current position is that the CRB is plastered inside, floor screed in the office and store room is also done while the outstanding works include; flooring, painting, glazing, fitting of doors and shelves.
	Chikenge Basic School	Construction of a 1x2 CRB	The current position is that the CRB is plastered inside and outside, floor screed is done and glazing also done while the outstanding works are painting, fitting of doors and shelves.
	Wazanga Basic School	Construction of a 1x2 CRB	The current position is that the CRB is plastered inside and outside, fitting doors, locks and shelves, painting and glazing are done with the remaining works outstanding.
	Biyeko Basic School	Construction of a 1x2 CRB One (1) staff house and three (3) VIP toilets	The current position is that the CRB is painted and glazing is done. The works on the spoon drain has also been redone while outstanding works includes; fitting of shelves. 2no. double VIP latrines have been completed while 1no. single VIP latrine is roofed. Outstanding works to VIP latrines includes: Plastering inside and outside Painting.
Chavuma	Mbalango Basic School	Construction of a 1x2 CRB	The current position is that the CRB is roofed, plastered both internally and externally, floor screed is done, windows and door frames fitted while the remaining works include; rough casting, drainage, fitting of doors and locks and glazing. Materials on site include sixty (60) pockets of cement and paint.
	Moses Luneta Basic School	Construction of a 1x2 CRB	The current position is that the CRB is roofed, plastered both internally and externally, floor screed, drainage, fitting of air vents, fitting of window and door frames and glazing is complete while external painting is in progress. The remaining works include internal painting.

	Chinwandumba Basic School	Construction of a 1x2 CRB	-
Zambezi	Nyakulenga Basic School	Construction of a 1x2 CRB	The current position is that CRB is roofed while outstanding works includes; plastering, floor screed, glazing, painting, fitting of window and door frames and fitting panel doors and locks. Sixty (60) pockets of cement is on site for completion of the construction of spoon drain.
	Chozo Basic School	Construction of a 1x2 CRB	The current position is that the CRB roofed, fitting of window and door frames is done. The remaining works are: plastering inside and outside, rough casting, putting ridges, flooring, glazing, painting, fitting panel doors and locks.
Mwinilunga	Kamona Basic School	Construction of a 1x2 CRB	The current position is that the CRB is plastered, floor screed, window sills, glazing, spoon drain and rumps. Outstanding works include; painting, fitting of doors, locks and shelves and chalk boards.
	Kasenga Basic	Construction of a 1x2 CRB	The current position is that the CRB is roofed while outstanding works include; plastering, flooring, glazing, drainages and fitting of shelves and doors.
Lusaka	Mutambe Basic School	Construction of a 1x3 CRB	The current position is that the CRB has been roofed, plastered, floor screed, fitting of doors, locks and shelves, glazing, painting and construction of spoon drain. The classroom block is complete and is in use.
	Kapwelyomba Basic School	Construction of a 1x3 CRB	The current position is that the CRB has been roofed, plastered, fitting of window and door frames is done, glazing, painting and construction of spoon drain is also done. The structure is complete and it is in use.
	Matero East Basic School	Construction of a 1x3 CRB	The current position is that the CRB has been roofed, plastered, fitting of window and door frames is done, glazing, painting and construction of spoon drain is also done. The structure is complete and it is in use.
Chongwe	Twatasha ZNS Basic School	Construction of a 1x3 CRB	The current position is that the CRB is plastered, floor screed and drainage construction has been done. The outstanding works includes; painting, glazing and fitting of window and door frames.
	Bunda Bunda Basic School	Construction of a 1x3 CRB	The current position is that the CRB is plastered, floor screed and drainage construction has been done. The outstanding works includes; painting, glazing and fitting of window and door frames.
Kafue	Westwood Basic School	Construction of a 1x3 CRB	The current position is that the CRB is roofed, and plastered while the outstanding works include; glazing, painting, flooring, construction of drainages and aprons.
Nakonde	Nega Basic School	Construction of a 1x3 CRB	The current position is that the CRB is Painted, plastered, fitting of window and door frames, fitting of peg stays, grazing and construction of spoon drain. The remaining works includes; glazing, fitting of doors, locks and shelves.
	Mikuwa Basic School	Construction of a 1x3 CRB	The current position is that the CRB has been painted and glazing is done.
Mpika	Kambe Basic School	Construction of a 1x3 CRB	The current position is that the CRB has been completed and it is in use.
	Kabale Basic School	Construction of a 1x3 CRB	The current position is that the CRB has electrical sockets fitted and shelves have been fitted too. The outstanding works includes; fitting of sinks, gas taps and water taps.

	Mpika Basic School	Construction of a 1x2 CRB	The current position is that the electrical sockets and shelves have been fitted. The outstanding works include fitting of sinks, gas taps and water taps.
	Kabale Basic School	Construction of a 1x3 CRB	The current position is that the 1x3 Classroom block has been completed and it is in use.
Luwingu	Chifumo Basic School	Construction of a 1x3 CRB	The current position is that the CRB is roofed, plastered, window and door frames have been fitted. The outstanding works include; painting, glazing, fitting of doors, locks and shelves and construction of spoon drains.
	Sokontwe Basic School	Construction of a 1x3 CRB	The current position is that the CRB has been completed and it is in use.
	Mushitu Wambo Basic School	Construction of a staff house and two (2) VIP toilets	The current position is that the construction site was changed from Mushitu Wambo to Kandata Basic School due to lack of community participation to mobilize the upfront materials. The contractors has since been engaged and is on excavation and trench digging has been done.
			The remaining works include; Construction of sub structure. Construction of super structure. Roofing The construction of VIP latrines has not commenced
	Nsombo Basic School	Construction of 1x3 CRB	The current position is that glazing that roofing, fitting of window and door frames, plastering, fitting of doors, locks shelvings including construction of drainage and apron has been done.
		Construction of a staff house and two (2) VIP toilets	The current position is that the While the staff house is at slab level VIP latrines have been completed
	Matafwali Basic School	Construction of a 1x3 CRB	The current position is that the CRB has been completed and it is in use.
	Twiluke Basic School	Construction of a 1x2 CRB	It is regretted that the DEBS office released a total amount of K120,000,000 for the construction of a 1x2 CRB contrary to the approved target of constructing a 1x3 CRB costing K180,000,000. The change of target from a 1x3 CRB to 1x2 CRB was arrived at by the DEBS office following a lower pupil population at Twiluke Basic School and poor community participation to the project. The K60,000,000 which was withheld from the allocation of Twiluke Basic School was then allocated to Chilogoshi and Chilekwa Mwamba Basic Schools where it was used to rehabilitate the classroom block and completion of the portal frame classroom block respectively. The current position regarding the construction works at Twiluke Basic School is that roofing and plastering has been done. The remaining works include; painting, glazing, fitting of window and floor frames, fitting of doors, locks and shelves and construction of spoon drains and aprons.
Kasama	Mupata Basic School	Construction of a 1x3 CRB	The current position is that plastering and roofing has been done. The outstanding works include; fitting of doors,

			shelves, painting, glazing, flooring and drainage construction.
Mpulungu	Mungula Basic School	Construction of a 1x3 CRB	The 1x3 CRB has been completed and it is in use
	Chinika Basic School	Construction of a 1x3 CRB	The current position regarding the cracks which had manifested in the three (3) rooms is that the cracks have since been worked on.
Mporokoso	Luli Basic School	Construction of a 1x3 CRB	The current position is that window handles/peg stays have been fitted and the cracks have been worked on.
	Kawikisha Basic School	Construction of three (3) VIP latrines	The current position is that the construction of two (2) VIP latrines are on slab level while the other one is on superstructure level.
		Construction of a 1x3 CRB	The current position is that painting, glazing and fitting of window handles and peg stays have been done. The cracks which had manifested in the classroom have also been worked on.
	Kabange Basic School	Construction of a 1x3 CRB	The current position is that plastering, fitting of window and door frames have been done.
	Lunte Middle Basic School	Construction of a 1x2 CRB	The current position is that glazing, plastering, flooring, painting and fixing of window handles and peg stays have been done. As regards to a crack which had manifested in one (1) classroom the current position is that the crack has been mended.
	Lufubashi basic school	Construction of a 1x3 CRB	The current position regarding the construction works is that the classroom block is at gable level. As regards to the one hundred and eighty four (184) roofing sheets costing K48,224,000 which were procured in excess of the required no. 92 roofing sheets costing K24,112,000. The current position is that the DEBS Office has written to the supplier to replace the excess roofing sheets costing K24,112,000 with other Building materials. The cash book, bank statements and payment vouchers are available for audit verification.
Chilubi	Kasaba Bay Basic School	Construction of a 1x3 CRB	The current position is that the construction of 1x3 CRB is at slab level. The outstanding works include; roofing, beam filling, plastering flooring, painting, fitting of door and window frames, glazing and of fitting of doors and shelves.
Kaputa	Kaleulu Middle Basic School	Construction of a 1x3 CRB	The current position is that construction of 1x3 CRB is at slab level. The outstanding works include roofing, flooring, painting, fitting of doors and window frames, glazing and fitting of door and shelves.
	Mukwiza Basic School	Construction of a 1x3 CRB	The current position is that plastering, flooring, painting, glazing construction of spoon drain and rough casting has been done.
Isoka	Temweni Basic School	Construction of a 1X3 CRB	The current position is that painting, glazing fitting of air vents, fitting of shelves, fitting of peg stays and window frame handles has been done.
	Mulopa Basic School	Construction of a 1x3 CRB	The current position is that the 1x3 Classroom Block is at ring beam level. The outstanding works include; construction of super structures, roofing fitting of window and door frames plastering, flooring Draining construction, glazing and painting
Chinsali	Muombo Basic	Construction of a	The current position is that roofing and plastering has

	School	1x3 CRB	been done. The outstanding works include Beam filling flooring, drainage construction, glazing and painting
	Lumpene Basic School	Construction of a 1x3 CRB	The current position is that plastering and roofing has been done. The outstanding works include flooring, Drainage construction glazing and painting.
	Nalwei Basic School	Construction of a 1x2 CRB	It is regretted that all payments pertaining to the project were made without raising payment vouchers. The current position is that all the transaction have been normalized. As regards to the construction works, the current position is that, plastering, flooring, glazing and mending of cracks on the floor and walls have been done. The remaining works is painting.
Mongu	Simulumbe Basic School	Construction of a 1x3 CRB	The current position is that all the transactions have been normalized by raising payment vouchers. As regards to the cracks on the walls, window sill and floor, the current position is that all the cracks have been mended and the classroom is in use.
	Mandanga Basic School	Construction of a 1x3 CRB	The current position is that, the transactions have been normalized by raising payment vouchers. As regards to the construction works, the current positions is that the CRB has reached gable level with the rest of the works still outstanding.
	Imwiko Basic School	Construction of a 1x3 CRB	The current position is that the CRB has been completed and it is in use.
	Mboiwa Basic School	Construction of a 1x3 CRB	The construction of the CRB has not commenced due to poor community participation. The community is still molding blocks and collecting of stones for the concrete works.
Shangombo	Shangombo Basic School	Construction of houses and VIP toilets.	The construction works has not commenced due to poor community participation. The community is till molding blocks.
	Kaale Basic School	Construction of a 1x3 CRB	The current position is that, glazing has been done. The remaining works are, flooring, construction of drainages, plastering and painting.
Sesheke	Mutemwa Basic School	Construction of a 1x3 CRB	The current position is that, the construction works has stalled due to lack of funds with the following works still outstanding, painting, fitting of grill gates and construction of drainages.
	Namakombwe Basic School	Construction of a 1x3 CRB	The current position is that, construction of the drainage and mending of cracks on the floor and walls have been done. The remaining works are, flooring, painting and fitting of grill gates.
	Namuzingu Basic School	Construction of a 1x3 CRB	The current position is that, the construction works has stalled due to lack of funds with the following works still outstanding; flooring, painting construction of drainages, fitting of grill gates and shelves.
	Kanshinzi Basic School	Construction of a 1x3 CRB	The current position is that, the CRB has reached wall plate level with the rest of the works outstanding.

Kaoma	Kakumba Basic School	Construction of a 1x3 CRB	The current position is that CRB has reached wall plate level with the rest of the works outstanding.
	Kalukundwe Basic School	Construction of a 1x3 CRB	The current position is that the CRB has been completed with the remaining work being painting only. As regards to the crack that had developed on the window sill and floors, the current position is that all the cracks have been worked on.
	Kahare Basic School	Construction of a 1x2 CRB	The current position is that the CRB has been completed with remaining works being painting only. As regards to the cracks that had developed on the window sills and floors, the current position is that all the cracks have been worked on.
	Lubosi Basic School	Construction of a 1x3 CRB	The current position is that the CRB has completed and it is in use
Senanga	Lubosi Basic School	Construction of houses and VIP latrines	The current position is that, the CRB has been completed and it is use.
	Suunda Basic School	Construction of a 1x3 CRB	The current position is that all the cracks that had developed on both the internal and external walls have been worked on and the CRB is now in use.
	Ponga Basic School	Construction of a 1x3 CRB	The current position is that the classroom block has been completed and it is in use.
Mwense	Musonda falls basic school	Construction of a 1x3 CRB	The current position is that the cracks have since been worked on.
	Kabundafyela basic falls	Construction of a 1x3 CRB	The current position is that the cracks have been worked on.
	Nsakaluba Basic School	Construction of 1x3 CRB	The current position is that the cracks have been worked on.
	Koselela	Construction of 1x3 CRB	The current position is that the cracks have been worked on.
Kawambwa	Citrus Basic School	Construction of 1x3 CRB	The current position is that the cracks have been worked on. As regards to the spiders trusses which were tied with wires, the current position is that the spider trusses have been welded.
Kawambwa	Mulonda Basic School	Construction of a 1x3 CRB	The school paid K20,190,000 for upfront materials because according to Infrastructure guidelines the school can purchase the upfront materials if the source of materials is more than 3 km from the construction site. The school is 4 km from the source of materials. The K 2,500,000 borrowed by the DEBS Office has since been remitted to the school. As regards to the construction works, the current position is that construction of drainages and fitting of doors has been done.
Nchelenge	Mofwe Basic School	Construction of a 1x3 CRB	The School paid K9,097,500 for upfront materials because according to Infrastructure guidelines the school can purchase the upfront materials if the source of materials is more than 3 km from the construction site. The school is 8 km from the source of materials. As regards to the

			construction works, the current position is that roofing, glazing and painting has been done. The outstanding works include; construction of drainages.
	Kabuta Basic School	Construction of a 1x3 CRB	The current position is ramps, drainages and aprons have been constructed and the structure has been completed and it is in use.
	Kampampi Basic School	Construction of a 1x3 CRB	The school paid K28,945,000 for upfront materials because according to infrastructure guidelines the school can purchase the upfront materials if the source of materials is more than 3 km from the construction site. The school is 39 km from the source of materials.
	Mwabi Basic School	Construction of a 1x3 CRB	The current position regarding the cracks which had manifested on the floors is that, the cracks have been Worked on.
Chiengi	Miloke Basic School	Construction of a 1x3 CRB	The current position is that 1x3 CRB has been completed and it is in use.
Samfya	Katola Basic School	Construction of a 1x3 CRB	The current position is that 1x3 Classroom Block has been completed and it is in use.
	Misenga Basic School	Construction of a 1x3 CRB	The current position on the construction works is that a 1x3 CRB is Roofed and Plastered Internally. Outstanding works include external plastering, floor screed glazing, painting, fitting doors and shelves and construction of a spoon drain.
Kitwe	Nsansa Basic School	Construction of a 1x3 CRB	The current position on the construction works is that a 1x3 CRB is roofed, door and window frames fitted and plastered internally in one (1) classroom. Outstanding works include; external plastering, floor screed, glazing, painting, fitting doors and shelves and construction of spoon drain.
	Mwansa Basic School	Construction of a 1x3 CRB	The current position on works done is that the 1x3 CRB is being roofed with the following outstanding works; plastering, floor screed, painting, glazing, fitting doors and shelves and construction of spoon drain.
	Mapalo Basic School	Construction of a 1x3 CRB	The current position regarding the construction works to a 1x3 CRB is that the structure is roofed, plastered and door window frames fitted. Outstanding works include glazing, painting, fitting doors and shelves and construction of a spoon drain.
	Lupili Basic School	Construction of a 1x3 CRB	The current status regarding the construction works to a 1x3 CRB is that the structure is roofed with the following outstanding works, plastering, floor screed, glazing, painting, fitting of doors and shelves and construction of spoon drain

	Twafweni Basic School	Construction of a 1x3 CRB	The current status regarding the construction works of a 1x3 CRB is that the structure is Roofed, door and window frames fitted, plastered and floor screed done. Outstanding works include glazing, painting, fitting doors and shelves and construction of a spoon drain.
	River side Basic School	Construction of a 1x3 CRB	The current position regarding the construction works of a 1x3 CRB is that the structure is roofed, plastered, floor screed done, door and window frames fitted, glazing, external painting and construction of a spoon drain. Outstanding works include internal painting and fitting of doors and shelves.
	Kapoto Basic School	Construction of a 1x3 CRB	The current status on the construction of a 1x3 CRB is that the structure is Roofed, Plastered, floor screed done, window and door frames fitted and spoon drain constructed. Outstanding works include Painting and fitting of doors and shelves.
	Chilumba Basic School	Construction of a 1x3 CRB	The current status on the construction of a 1x3 CRB is that the structure is Roofed, Plastered, door and window frames fitted, painted, glazing done, and fitting of doors and shelves done too. Outstanding works are construction of spoon drain.
Lufwanyama	Kasonka Middle Basic School	Construction of a 1x3 CRB	The current position regarding the construction of a 1x3 CRB is that the structure is Roofed, Plastered and doors and window frames fitted. Outstanding works include floor screed, painting, glazing, fitting of doors and shelves and construction of a spoon drain.
	Twatota Middle Basic School	Construction of a 1x3 CRB	The current position regarding the construction of a 1x3 CRB is that, the structure is Roofed, door and window frames fitted. Outstanding works include plastering, floor screed, fitting of doors and shelves, painting, glazing and construction of spoon drain
	Kameme Central Basic School	Construction of a 1x3 CRB	The current position regarding the construction of a 1x3 CRB is that the structure is Roofed, Plastered, window and door frames fitted and spoon drain constructed. Outstanding works include painting and glazing.
Kalulushi	Chobe Basic School	Construction of a 1x3 CRB	A 1x3 CRB is complete and in use.
	Twatemwa Basic School	Construction of a 1x3 CRB	The current position regarding the construction of a 1x3 CRB is that the structure is Roofed, Plastered and Floor screed is done. Outstanding works include fitting of door and window frames, painting, glazing, fitting doors and shelves and construction of spoon drain.
Ndola	Ndola Main Basic School	Construction of a 1x3 CRB	A 1x3 CRB is complete and is in use.
	Mansansa West Basic School	Construction of a 1x3 CRB	The current status regarding the construction of a 1x3 CRB is that the structure is Roofed, Plastered, glazing and painting is also done. The outstanding works include construction of the spoon drain.
Luanshya	Kalulu Basic School	Construction of a 1x3 CRB	The current status regarding the construction of a 1x3 CRB is that the structure is Roofed, plastered, floor screed, painted, doors and shelves fitted and glazing is done. Outstanding works are construction of a spoon drain.

	Kamirenda Basic School	Construction of a 1x3 CRB	The current position regarding the construction of a 1x3 CRB is that the structure is Roofed, plastered, painted, door and window frames fitted, door and shelves fitted, and glazing is also done. The only outstanding works are construction of spoon drain which is in progress.
	Maposa Basic School	Construction of a 1x3 CRB	The current status regarding the construction of a 1x3 CRB is that the structure is Roofed, Plastered, Painted, Doors and Shelves fitted. Outstanding works include glazing and construction of a spoon drain.

Your Committee urges the Controlling Officer to monitor the progress in these projects closely so that those lagging behind their schedules can be identified and corrective action taken. Your Committee, requests the Office of the Auditor-General to undertake a further verification of the response before the matter can be closed.

MINISTRY OF EDUCATION-REGIONAL HEADQUARTERS – LUSAKA

AUDIT QUERY

PARAGRAPH 51

Programme: Various

Activity: Various

Accounting Irregularities

53. An examination of accounting and other records maintained at Lusaka Provincial Education Office, carried out in April 2010, revealed some irregularities and the Controlling Officer responded as set out below.

(a) Unretired Imprest-K170,990,192

Following the Auditor-General's confirmation that all the unretired imprest of K170,990,192 has been retired, your Committee resolves to close.

(b) Misapplication of Funds-K50,229,976

Upon the Auditor-General's recommendation that the matter should close because disbursement details were verified, your Committee resolves to close the matter.

(c) Non – Remittance of Pay As You Earn Deductions

Upon the Auditor-General's recommendation that the matter should close because remittance details were verified, your Committee resolves to close the matter.

(d) Procurement of Books for High Schools

Your Committee resolves to close the matter following confirmation by the Auditor-General that the all misapplied funds have been refunded and used to procure books.

MINISTRY OF EDUCATION REGIONAL HEADQUARTERS- WESTERN PROVINCE

AUDIT QUERY		PARAGRAPH	52
Programmes:	Personal Emoluments		
Activities:	Various		

Accounting and Other Irregularities

54. An examination of accounting and other records maintained at the Provincial Education Office carried out in July, 2010, revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unvouched Expenditure

i. Unsupported Payment Vouchers-K14,916,620,884

The Controlling Officer submitted that payment vouchers in amounts K10,050,690,118 involving seventy eight transactions, had been supported with relevant documents such as schedules, acquittal sheets and receipts leaving a balance of K4,865,930,766 unsupported.

Your Committee expresses concern at the huge amount of money which has no supporting documents and urges the Controlling Officer to ensure that the missing documents are found. The Controlling Officer is further advised to take disciplinary action against officers that are responsible for this act at the Provincial office. They await a progress report on the matter.

ii. Missing Payment Vouchers-K2,603,432,709

The Controlling Officer informed Your Committee that fifteen payment vouchers in amounts totalling K717,475,124 had been traced, leaving a balance of K1,885,957,585 involving thirty-one transactions.

In the her verification report, the Auditor-General revealed that as at April, 2011 payment vouchers in amounts totalling K370,278,233 were still missing.

Your Committee expresses concern at the huge amount of money with missing payment vouchers and urges the Controlling Officer to ensure that the missing documents are found without further delay. The Controlling Officer is further advised to take disciplinary action against officers that are responsible for this act at the provincial office. A progress report is awaited.

(b) Misapplication of Funds

The Controlling Officer submitted that the funds totalling K103,564,600 had been reimbursed to the salaries Account, leaving the balance of K311,104,958.

However, in her verification report, the Auditor-General revealed that as at April, 2011 only amounts totalling K31,600,000 were verified as reimbursed, leaving a balance of K383,069,558.

Your Committee urges the Controlling Officer to desist from misapplying funds meant for personal emoluments as it is expressly prohibited in the financial regulations and he is urged to desist from such a practice in future and to seek Treasury authority in retrospect. The Controlling Officer is also urged to ensure the balance of K383,069,558 is reimbursed without further delay.

(c) Unretired Imprest-K17,777,626

Upon the Auditor-General's recommendation that the matter should close because all the retirements were verified, your Committee resolves to close the matter.

(d) Double Payments of Long Service Bonus

The Controlling Officer stated that all the officers who got double payments had since refunded the money back as could be evidenced by the general receipts and bank deposit slips submitted.

However, in the verification report, the Auditor-General revealed that two transactions with amounts totalling K9,585,102 were still outstanding as at April, 2011, your Committee resolves not to close the matter. Further, your Committee urges the Controlling Officer to desist from giving incorrect responses to your Committee.

(e) Non Remittance of Tax- K555,741,714

i) Non Remittance of Tax- K555,741,714

The Controlling Officer stated that the PEOs office had paid amounts totalling K41,338,769 to ZRA to offset the debt for 2008 leaving a balance of K514,402,945. The remaining balance would be paid as soon funds for RDCs were made available.

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

ii) Under Remittance of Tax K132,240,105

The Controlling Officer submitted that this happened because PEOs were only funded net payments during the period under review.

Your Committee urges the Controlling Officer to remit the outstanding amount of K132,240,105, without further delay and invite the office of the Auditor-General to verify the remittances.

MINISTRY OF EDUCATION – HIGH SCHOOLS – EASTERN PROVINCE

AUDIT QUERY		PARAGRAPH	53
Programmes:	Various		
Activity:	Various		

Accounting Irregularities

55. An examination of accounting and other records maintained at the schools carried out in April 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Lundazi Boarding High School

i. Use of Private Printed Receipt Books

Upon the Auditor-General's recommendation that the matter should close because the use of private receipt books had stopped, your Committee resolves to close the matter.

However, your Committee resolves to await a progress report on the underbanked amount of K4,707,260 as no expenditure details for the procurement of food stuffs said to have been made at source are availed to auditors.

ii. Unretired Imprest

Upon the Auditor-General's recommendation that the matter should close because all the retirements were verified, your Committee resolves to close the matter.

iii. Failure to Follow Tender Procedures

The Controlling Officer informed your Committee that in the spirit of supporting the local community, the school had been procuring most of the food stuffs such as vegetables from the local community. The school could not obtain three competitive quotations because the local suppliers do not have registered companies or business names in order for them to issue quotations. These local suppliers were usually paid in their names.

However, the Auditor-General's verification report indicated that the queried items related to building materials, hardware and stationary on which the Controlling Officer did not make a comment.

Your Committee urges the Controlling Officer to provide an appropriate response taking into account the matters raised in the Auditor-general's verification report.

iv. Irregularities in the Purchase of a Minibus

▪ *Failure to Follow Tender Procedures*

The Controlling Officer informed your Committee that authority to procure the minibus was actually obtained from Cabinet Office through the Provincial Permanent Secretary Eastern Province on 1st June, 2007.

Your Committee expresses concern that despite the Controlling Officer's assurance that authority was sought obtained, the same was not availed to Auditors at the time of verification in April, 2011. The Controlling Officer is advised to avail the said authority for verification before the matter is closed.

▪ **Irregular Claim for Clearance and Handling Fees**

The Controlling Officer submitted that the Provincial Education Officer had instructed the DEBS to institute recoveries from the Head teacher's salary.

The Controlling Officer is urged to caution the head teacher for obtaining this money whose cost had already been covered. They await a progress report on the matter.

▪ **Questionable Payment-K50,000,000**

The Controlling Officer informed your Committee that all the documents to show how the school got into the arrangement of borrowing the money from an individual were available for audit verification.

However, the Auditor-General's verification report indicated that minutes authorising the transaction were not availed for scrutiny.

Your Committee urges the Controlling Officer to avail the minutes in question for audit verification.

▪ **Failure to Reimburse Funds-K40,154,226**

The Controlling Officer informed your Committee that according to the terms and conditions of the Agreement between the Headteachers Association and the school, each party was to contribute half of the amount towards the cost of repairs. The Association has started paying back. They had since paid K3,000,000 leaving a balance of K17,0188,133.

Your Committee urges the Controlling Officer to ensure that the reimbursements are done and to avail the Agreement between the School and the Association to auditors.

(b) Petauke Boarding High School

i. Use of Private Printed Receipt Books-K1,615,973,500

Upon the advice of the Auditor-General that the practice of using privately printed receipt books had stopped, your Committee resolves to close the matter.

ii. Stores Items Without Receipt and Disposal Details-K234,229,700

The Controlling Officer informed your Committee that the disposal details had been updated and were available for audit verification.

Your Committee advises the Controlling Officer to avail the documents to the Auditor-General for audit verification.

iii. Payment of Tuition Fees for Members of Staff Without Approval

Upon the advice of the Auditor-General that the normalised application procedures have been verified, your Committee resolves to close the matter.

iv. Under Banking of School Fees- K25,121,216

The Controlling Officer informed your Committee that the expenditure details in amounts totalling K25,121,216 are available for audit verification.

Your Committee expresses concern that during verification by the Office of the Auditor-General on K8,669,216 were verified leaving a balance of K16,452,000 unaccounted for. Your Committee urges the Controlling Officer to desist from giving incorrect information to your Committee.

(c) Chadiza Boarding Secondary School

i. Use of Private Printed Receipt Books-K607,258,000

Upon the advice of the Auditor-General that the practice of using privately printed receipt books had stopped, your Committee resolves to close the matter.

ii. Failure to Follow Tender Procedures-K105,000,000

The Controlling Officer informed your Committee that the Provincial Education Officer had applied to the Permanent Secretary-Provincial Administration so that authority could be obtained in retrospect.

Upon the advice of the Auditor-General that the retrospective authority from the Provincial Tender Committee has been obtained and verified, your Committee resolves to close the matter.

(d) Kafumbwe Boarding High School - Failure to Obtain Competitive Quotations

The Controlling Officer informed your Committee that the three competitive quotations had been obtained for each transaction and are available for audit verification.

Your Committee urges the Controlling Officer to provide proof that the practice has stopped to the officer of the Auditor-General. Your Committee resolves to await a progress report on the matter.

(e) Katete Boarding High School - Failure to Obtain Competitive Quotations-K40,255,000

The Controlling Officer informed your Committee that the items bought were those which required payment by cash from open markets and in limited quantities.

However, the Auditor-General's verification report stated that the queried items related to stationary and food stuffs from recognised dealers which the Controlling Officer did not address.

Your Committee advises the Controlling Officer not to be defensive, but provide appropriate guidance to his subordinates on the need to follow laid down procedures. Evidence of such advice and instruction to schools should be available for audit verification.

(f) Nyimba Boarding High School - Under Banking of Fees-K68,007,260

The Controlling Officer informed your Committee that the unbanked funds totalling K68,007,260 were used at source due to urgent need for school food stuffs requirements. The expenditure details in amounts totalling K68,007,260 were available.

However, the Auditor-General's verification report stated that expenditure details were not vailed to the auditors for scrutiny.

The Controlling Officer is urged to caution the School authority against the irregular practice of using funds at source. He is also requested to submit expenditure details in respect of the K68,007,260 to the office of the Auditor-General for verification.

(g) Mambwe Boarding High School - Unsupported Payments-K28,102,000

The Controlling Officer informed your Committee that all the eleven payments totalling K28,102,000 were now supported.

However, the Auditor-General's verification report stated that out of the eleven payments in amounts totalling K28,102,000, only five payments in amounts totalling K14,620,000 were verified, leaving a balance of K13,482,000 involving six transactions.

Your Committee urges the Controlling Officer to always counter check the submission from the districts in order not give misleading answers to your Committee. Your Committee resolves to await a progress report on the outstanding amount of K13,482,000.

MINISTRY OF LANDS

AUDIT QUERY

PARAGRAPH 54

Programme: Various

Activity: Various

Accounting and Other Irregularities

56. An examination of accounting and other records maintained at the Ministry carried out in September 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Inadequately Supported Payments-K1,295,129,308

The Controlling Officer explained to your Committee that that the relevant supporting documents had been traced and attached to the payment vouchers. Further, the Ministry's Procurement and Supplies Unit was now fully staffed and an officer had been assigned to maintain the stores records.

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

(b) Unretired Imprest- K1,441,954,260

The Controlling Officer explained to your Committee that the imprests amounting to K1,441,954,260 had since been retired.

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

(c) Irregular payments-K26,560,000

In response, the Controlling Officer acknowledged that K26,560,000 was paid to four officers who were attending various short courses and elaborated as set out below.

- (i) Two officers from Lands and Deeds Department were paid K870,000 each as out of pocket allowances when they were attending a course in Rural and Peri-Urban Land.
- (ii) K5,500,000 was paid to an officer who was attending a course at Luanshya Technical and Business College for a period of eight days. This included money for tuition fees, out of pocket and transport allowances. The officer was entitled to receive out of pocket allowance since the course was less than thirty days.
- (iii) Out of pocket allowance of K145,000 was paid to two students on long distance learning programme at the Copperbelt University, instead of the daily rate of K10,000. The Ministry had initiated the process of recovering the overpayments from the affected officers.
- (iv) The payments of K6,737,000 was paid to the officer who in turn paid tuition Fees to Zambia Centre of Accountancy Studies (ZCAS). The balance of K1,800,000 was transport allowances for a period of 180 days.
- (v) The officer paid K4,590,000 to Zambia Centre for Accountancy Studies (ZCAS) for examination fees and K1,060,000 was paid as transport allowances. The receipt from ZCAS was available for verification.
- (vi) The amount of K5,330,000 was paid to an officer who attended advanced secretarial Office Management Course at the In Service Training and Education Centre in Luanshya.

Your Committee expresses concern that regulations were not followed in administration expenses for students attending various training programmes. Your Committee urges the Controlling Officer to henceforth ensure that the requirement to pay all tuition and examination fees directly to the college or university is strictly adhered to. Meanwhile, the Controlling Officer should ensure that recoveries are made from the officers who were wrongly paid allowances. They await a progress report on the matter.

(d) Contract for Aerial Photography Service Provision

The Controlling Officer acknowledged that the Ministry made a 100% payment to Photomap International in September, 2009, for the aerial photography as it wanted to take advantage of the presence of the in plane the country at that time, having been contracted by Lumwana Mines to conduct Aerial Photography. The amount paid was due to the fact that if the plane had gone back, the Zambian Government was going to pay more in form of mobilisation charges to bring the aeroplane into the country. Therefore, the Ministry took advantage of paying 100% for the services to be made at the time the aeroplane was in the country. It was regrettable that the Ministry paid in full not realising that the weather conditions were not permissible for the work to be done.

Your Committee was informed that the draft contract has been submitted to the Attorney General's Chambers for scrutiny and consideration, which would be ready and signed prior to conducting aerial photography. Unlike in the year 2009 and 2010, the aerial photography would be planned for execution early in the photography season (June-July, 2011) to ensure that the effects of poor weather were not experienced again.

Your Committee observes that the contract was not entered into in a transparent manner which raises suspicion of wrong intentions by those concerned. Your Committee expresses concern on why payments were made without the contract being signed. Your Committee also finds the explanation to pay 100% instead of 50% unacceptable as the specifications on the quotation were very clear that payments were to be made in two installments. Your Committee resolves to await a progress on the execution of contract.

MINISTRY OF AGRICULTURE AND CO-OPERATIVES

AUDIT QUERY

PARAGRAPH 55

Programmes: Various
Activities: Various

Accounting and Other Irregularities

57. An examination of accounting and other records maintained by the Ministry Headquarters carried out in August 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unvouched Expenditure-K1,116,573,577

The Controlling Officer explained to your Committee that he was still following up on the issues of hotel bills and would report progress once he was availed all the necessary documents.

Your Committee resolves not to close the matter until the supporting documents in respect of the balance of K451,350,430 are traced and availed for audit verification. They await a progress report on the matter.

(b) Unretired imprest- K723,900,695

The Controlling Officer submitted that out of a total of K723,900,695 reported as outstanding imprest, a total of K331,428,634 had since been retired, leaving a balance of K392,472,061 still outstanding. Recoveries had been instituted from all the officers with outstanding imprest.

Your Committee notes the measures that the Controlling Officer has put in place in order to recover outing imprest. They, however, urge him to put measures in place to ensure the overall management of imprest is improved in the Ministry. The query will remain outstanding until all the retirement details are availed for audit verification.

(c) Unaccounted for stores- K1,004,861,377

The Controlling Officer submitted that there was a balance of K404,170,411 remaining to be accounted for while the other documents had been verified by the office of the Auditor-General.

Your Committee resolves not to close the matter until records in respect of the remaining K404,170,411 are found and availed for audit verification. They await a progress report on the matter.

(d) Unremitted PAYE- K1,558,953,261

The Controlling Officer submitted that out of a total amount of K1,558,953,261, a total sum of K995,405,540 was remitted leaving a balance of K563,547,721 to ZRA.

Your Committee resolves that the matter should remain outstanding until K563,547,721 is remitted to ZRA and evidence is availed to the office of the Auditor-General for verification.

(e) Recovery of Loans-K1,395,817,300

The Controlling Officer submitted that all the pay slips indicating recoveries of the cited loans and advances were produced and availed to the Auditor-General for verification. However, due to the challenges encountered with the PEMC system the Auditors indicated that they would await submission by the Public Service Management Division (PSMD) on this technicality.

During his appearance before your Committee, the Controlling Officer, PSMD indicated that the problem that caused delays to input information from end users had been resolved.

Your Committee requests the Office of the Auditor-General to verify whether recoveries have been effected as reported.

(f) Officers with Deductions more than Gross pay

The Controlling Officer submitted that he had directed officers responsible to strictly scrutinize all pay slips of applicants for loans and advances and advise the approving authorities in various departments on the eligibility or ineligibility of officers under their

charge to qualify for payments of loans and advances.

The Controlling Officer is urged to provide evidence of his instructions to the departments to the Office of the Auditor-General in order to confirm the action that has been taken. He is also urged to identify the responsible officers and caution them for this omission. They await a progress report on the matter.

OFFICE OF THE PRESIDENT, LUSAKA PROVINCE

AUDIT QUERY

PARAGRAPH 56

Programme:	Personal emoluments
Activities:	Salaries
	Wages
	Other emoluments

Accounting Irregularities

58. An examination of accounting and other records carried out in March, 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Missing Payment Vouchers-K182,912,198

In response, the Controlling Officer explained to your Committee that out of the fourteen vouchers in mounts totalling K182,914,198 reported missing, six payment vouchers totalling K135,469,542.11 had been found leaving a balance of eight payment vouchers worth K47,444,655.89 still missing.

Your Committee resolves not to close the matter until all the missing vouchers are found and availed for audit verification.

(b) Unsupported Payments-K481,123,145

In response, the Controlling Officer explained to your Committee that out of fifty-seven payment vouchers worth K481,123,145 inadequately supported, one payment voucher had been supported. He told your Committee that the office was finding it difficult to secure supporting documents from beneficiary companies as most of them were reluctant to provide the receipts due to the fact that some of their employees who collected the cheques had since left these organisations.

Your Committee expresses concern at the failure by the Controlling Officer to ensure that all the payments are supported and requests him to find all the supporting documents and avail them to the Office of the Auditor-General for audit verification.

(c) Misapplication of Funds-K146,056,116

In response, the Controlling Officer explained to your Committee that only K40,000,000 was a misapplication, as the other K106,056,116 was actually provided for in the budget under other emoluments for burial benefits. The K40,000,000 had now been refunded into the salaries account.

Your Committee takes great exception to being used as a clearing house for audit queries when most of these could be cleared with the Office of the Auditor-General during the audit process. Your Committee requests the Auditor-General to verify the response after which the matter should be closed.

(d) Unremitted Third Party Payments

The Controlling Officer explained that out of the K39,034,047 reported in the Auditor-General's report as un remitted, payments worth K25,656,341 had now been remitted while efforts to remit the remaining K13,377,705.38 were being made.

Your Committee urges the Controlling Officer to ensure that the remaining amount of K13,377,705.38 is remitted and evidence of all the remitted funds be provided to the Office of the Auditor-General for verification.

(e) Non Remittance of Tax-K111,135,476

In response, the Controlling Officer explained to your Committee that the unremitted tax worth K111,135,476 was used to pay officers' claims on leave terminal benefits and long service bonuses to enable them meet funeral expenses for their late relatives, as some of them were retirees. Remittance of the tax was obligatory and payments would be made as soon as funding for other emoluments was received.

Your Committee directs the Controlling Officer to ensure that funds are found to pay the taxes in question. They await a progress report on the matter.

OFFICE OF THE PRESIDENT – LUSAKA PROVINCE

AUDIT QUERY		PARAGRAPH	57
Programme:	Various		
Activities':	Various		

Accounting and Other Irregularities

59. An examination of accounting and other records carried out in March 2010, revealed several irregularities and the Controlling Officer responded as set out below.

(a) Missing Payment Vouchers-K253,553,634

The Controlling Officer explained to your Committee that of the forty seven payment vouchers totalling K253,553,634 reported missing, sixteen, worth K194,610,102 had been traced. An amount worth K4,500,000 was in respect of cheque number 16869 for a cancelled cheque, while the other amount of K4,500,000 was a repetition of cheque number 16890 bringing the total either traced, cancelled and repetition to K203,610,102. Twenty-nine payment vouchers worth K49,943,532 were still missing.

Your Committee is concerned with the poor record keeping at the Provincial Administration and observes that very little has been done to correct the situation. Your Committee directs the Controlling Officer to ensure that payment vouchers in respect of K49,943,532 are found without further delay. They await a progress report on the matter.

(b) Inadequately Supported Payments- K356,610,848

In response, the Controlling Officer explained to your Committee that of the payment vouchers worth K356,610,848 reported as unsupported, payments amounting to K129,372,943.20 had been supported, leaving a balance of K227,237,899.80 still unsupported.

Your Committee expresses concern that such a huge amount has remained unsupported and urges the Controlling Officer to urgently put corrective measures in place and invite the Office of the Auditor-General to verify. The Controlling Officer is also urged to ensure that the outstanding amount of K227,237,899.80 that has remained unsupported is supported without further delay.

(c) Unretired Imprest- K253,133,801

In response, the Controlling Officer explained to your Committee that out of the imprest worth K253,133,801 reported as unretired, imprest worth K99,724,432 had been retired leaving a balance of K153,409,369 to be recovered from the officers' salaries. He undertook to report progress on the matter.

Your Committee finds the rampant abuse of the imprest facility at the Provincial Administration unfortunate and urges the Controlling Officer to ensure that internal controls are improved to correct the situation. Further, the Controlling Officer is urged to ensure all the outstanding imprest is retired without further delay and documents availed to the Office of the Auditor-General for verification.

(d) Misapplication of funds-K137,500,000

The Controlling Officer explained to your Committee that it was true that Lusaka Province received money amounting to K137,500,000 for dismantling of arrears but used it on different activities. The office had made payments totalling K100,000,000 leaving a balance of K37,500,000.

Your Committee urges the Controlling Officer to desist from misapplying funds meant for equally important activities. He is urged to make a provision in the next budget in order to dismantle the said arrears and to seek respective authority to normalize the variation of the K100,000,000. They await a progress report on the matter.

(e) Unaccounted for stores-K751,621,805

The Controlling Officer explained to your Committee that of the stores items worth K751,621,805 reported in the Auditor-General's report as unaccounted for, the items worth K132,155,609 had been accounted for, leaving a balance of K619,466,196.

Your Committee sees this as further evidence of poor record keeping at the Provincial Administration and urges the Controlling Officer to ensure that concrete measures are put in place to avert further queries. They await a progress report on the unaccounted balance of K619,466,196.

(f) Undelivered Stores Items-Chongwe District-K36,159,999

The Controlling Officer reported that all building materials worth K36,159,999 that had not been delivered at the time of audit had now been delivered.

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

OFFICE OF THE PRESIDENT, NORTHERN PROVINCE-HEADQUARTERS

AUDIT QUERY

PARAGRAPH 58

Programme: General Administration

Activities: Various

Accounting Irregularities

60. An examination of accounting and other records maintained at Provincial Administration carried out in February 2010 revealed weaknesses in internal controls in that there were cases of misapplication of funds, irregular payments, unretired imprest, failure to reconcile the account, unaccounted for stores, among other issues. The Controlling Officer responded as set out below.

(a) Misapplication of Funds-K687,927,196

The Controlling Officer submitted that settling the borrowings was a priority over other outstanding bills as further delay in refunding the borrowings would have affected project implementation. Further, other outstanding bills remained unsettled.

Your Committee cautions the Controlling Officer against varying funds without seeking approval from the Secretary to the Treasury. They urge him to seek retrospective authority from the Treasury and avail it for audit verification.

(b) Irregular Payment of Fuel Allowance-K34,027,160

The Controlling Officer submitted that the payment of fuel allowances to the Deputy Permanent Secretary had been discontinued in line with guidance from the Permanent Secretary, Public Service Management Division and recoveries from the officer's salary would start from March 2011.

Your Committee notes the submission and resolves to await a progress report on the recoveries from the concerned officer.

(c) Unsupported Payments-K72,740,184

The Controlling Officer informed your Committee that out of nineteen transactions amounting to K72,740,184 reported as unsupported payments, twelve transactions amounting to K48,407,184 had since been adequately supported. A search for supporting documents for the remaining seven transactions amounting to K24,333,000 was in progress.

Your Committee resolves not to close the matter until all the documents are found and availed for audit verification.

(d) Unaccounted for Funds-K160,158,364

The Controlling Officer submitted that other than the seven motor vehicles (Ford Rangers) costing K838,950,000, another vehicle (Mitsubishi Pajero GRZ 534 CE) costing K280,000,000 was purchased in 2009. The total amount spent on vehicles was, therefore, K1,118,950,000, which even exceeded the total funding of K1,017,696,450 by K101,253,550. He said the excess of K101,253,550 was paid from Office Administration within Headquarters. Since both activities (Procurement of Motor Vehicles and Office Administration) were within the same Programme (General Administration), he added that there was no need for authority from the Treasury as the Controlling Officer was mandated to approve variations within a programme, as guided in the 2009 *Yellow Book*.

Your Committee observes that the vehicle should not have been bought using RDCs without seeking approval to vary funds. In this regard, your Committee advises the Controlling Officer to regularise the transactions made regarding excess expenditure over and above what was released.

(e) Imprest – K281,785,233

The Controlling Officer submitted that out of the fifty-one unretired imprest amounting to K281, 785,233, eight imprests amounting to K213,353,000 had been retired, which left a balance of K68, 432, 233. Recoveries for the balance from the affected officers' salaries had since been effected. He added that cases of unretired imprest had significantly reduced (by 87%) from K516,916,232 in 2008 to K68,432,233 in 2009.

The Controlling Officer further informed your Committee that his administration had put in place measures, after the 2008 audit, which would ensure that imprest was only issued to officers who had no outstanding imprest. He said that he had seen a reduction in additional imprest from K1,158,367,367 involving twenty-five officers in 2008 to K198,529,570 (83% reduction) involving six officers (76% reduction) in 2009.

Your Committee notes the improvements in enforcing imprest retirement as reported by the Controlling Officer, but your Committee urges him to ensure that there is strict adherence to the Financial Regulations of retiring imprest within forty-eight hours.

(f) Unaccounted for Stores and Other Items

The Controlling Officer submitted that the imprest amounting to K115,370,000 was issued to the Senior Executive Officer to facilitate urgent relief to families of Kapembwa Village in Mpulungu District whose houses and properties had suddenly been destroyed in a fire disaster. He added that the imprest had been retired and retirement documents together with receipts and disposal details were available for verification.

Your Committee closes the matter subject to audit verification of all the receipts and disposal details by the Office of the Auditor-General.

(g) Unaccounted for Fuel-K297,525,397

The Controlling Officer submitted that the fuel amounting to K297,525,397 related to fuel statements from the filling station that came without used coupons to support them. He said the filling station was still searching for the used coupons.

Your Committee finds the situation unacceptable and urges the Controlling Officer to take disciplinary action against the store staff who fail in their duties and provide a progress report to it.

(h) Questionable Fuel Drawings-K58,244,651

The Controlling Officer submitted that it was true that fuel worth K58,244,651 was drawn by vehicles that did not belong to the Provincial Administration. He said the practice was such that, when there was a State function like the visit by the President or the Vice President, Provincial Administration provided fuel to all government departments to facilitate their participation in the event. This was mainly because funds for such functions were released to Provincial Administration by Cabinet Office.

Your Committee notes that this matter should have been resolved during the audit process in order to avert the query for instance, the state functions in question should have been highlighted to the auditors in order to clarify the fuel drawings. Your Committee urges the Office of the Auditor-General to verify the matter.

OFFICE OF THE PRESIDENT- NORTHERN PROVINCE

AUDIT QUERY

PARAGRAPH 59

Programme:	General Administration
Activities:	Office Administration
	Supervision and monitoring
	Procurement of motor vehicles
	Senior Citizens and Veterans Affairs

Accounting and Other Irregularities

61. An examination of accounting and other records relating to the management of RDC Accounts in five districts namely; Kasama, Mpika, Chinsali, Nakonde and Luwingu revealed weaknesses in internal controls in that there was lack of segregation of duties, supervision and monitoring of district accounting personnel by Provincial Administration. Consequently, records were not updated, procurement procedures were not followed, accounts were not reconciled, imprest was not retired and stores records were poorly maintained. The Controlling Officer responded as set out below.

(a) Kasama District Commissioner's Office

i. Lack of Segregation of Duties

The Controlling Officer submitted that there were only three key members of staff at the District Commissioners' office. These were the District Commissioner, District Administrative Officer and the District Commissioner's Secretary. He said the situation made effective segregation of duties very difficult. He, however, said since

the District Commissioner's office was close to Provincial Administration, a decision had been made to process all payments for the District at the Provincial Accounting Unit so as to improve on the segregation of duties in processing payments.

Your Committee notes the submission and resolves to close the matter.

ii. *Unsupported Payments-K7,647,000*

The Controlling Officer reported to Your Committee that the supporting documents for payments amounting to K7,647,000 had not yet been traced.

Your Committee urges the Controlling Officer to ensure the supporting documents in respect of K7,647,000 are traced and availed for audit verification.

iii. *Unaccounted for Stores-K3,183,000*

The Controlling Officer informed your Committee that receipts and disposal details for stores items costing K3,183,000 had not yet been traced.

Your Committee urges the Controlling Officer to ensure that all the stores details are found and availed to Office of the Auditor-General for audit verification. He is also urged to put measures in place to prevent a recurrence of the problem.

iv. *Unretired Imprest-K34,980,000*

The Controlling Officer submitted that unretired imprests of K34,980,000 had since been retired.

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

(b) Mpika District Commissioner's (DC) Office

During the financial year ended 31st December 2009, the Office of the Permanent Secretary disbursed a total of K132,758,406 to Mpika District Administration. There were found to be irregularities with regard to these funds and the Controlling Officer responded as set out below.

i. *Unvouched Expenditure- K55, 329, 267*

The Controlling Officer submitted that the documents relating to the sixty-one transactions amounting to K55,329,267 which were missing due to misfiling, had since been traced and properly filed.

Your Committee urges the Controlling Officer to have the documents verified before the matter can be closed.

ii. *Lack of Segregation of Duties*

The Controlling Officer submitted that there were only three key members of staff at the District Commissioners' Office. These were the District Commissioner, District Administrative Officer and the District Commissioner's Secretary. He said

the situation made effective segregation of duties very difficult. He further submitted that the position would improve as soon as the District Accountant was recruited.

Your Committee urges the Controlling Officer to have the matter resolved and provide a progress report.

iii. Unaccounted for Stores- K34,627,427

The Controlling Officer submitted that the receipts were actually obtained from payees but not attached to payment vouchers. Disposal details were also raised but not attached to payments vouchers. He said the documents had since been attached and were available for verification.

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

iv. Imprest

▪ **Failure to Update the Imprest Register-K105,997,153**

The Controlling Officer submitted that the imprest register was maintained on a computer and that the practice was found to be unacceptable for audit purposes. He said that the information had since been entered into a hard cover book which was available for verification.

Your Committee closes the matter but urges the Controlling Officer to have the register verified by the Office of the Auditor-General.

▪ **Unretired Imprest-K52,050,293**

The Controlling Officer submitted that all the imprests amounting to K52,050,293 had since been retired and retirement documents were available for verification.

Your Committee closes the matter subject to audit verification.

v. Failure to Produce Supervision and Monitoring Reports

The Controlling Officer submitted that monitoring and inspection reports were kept on a monitoring file which was not available at the time of the audit. He said the file had been traced and monitoring reports were available for verification.

Your Committee urges the Controlling Officer to avail the monitoring documents to the Office of the Auditor-General for audit scrutiny. They also advise him to put in measures to improve the poor record keeping.

(c) Nakonde District Commissioner's Office

i. Unsupported Payments-K16,717,376

The Controlling Officer submitted that out of the thirty three transactions amounting to K16,717,376, twenty-nine transactions amounting to K15,090,116 had been adequately supported. He said the remaining four transactions amounting to K1,627,260 lacked competitive quotations as only one supplier in the district was able to quote and supply the items.

Your Committee urges the Controlling Officer, to find the relevant documents which the Office of Auditors-General had asked for so that the matter could be closed. They await a progress report on the matter.

ii. Lack of Segregation of Duties

The Controlling Officer submitted that there were only three key members of staff at the District Commissioners' office. These were the District Commissioner, District Administrative Officer and the District Commissioner's Secretary. He said the situation made effective segregation of duties very difficult.

Your Committee notes the explanation by the Controlling Officer but urges him to find a solution to the problem by making use of human resources available in the district such as accounting staff from District Council.

iii. Unaccounted for Stores-K18,408,175

The Controlling Officer submitted that all the documents for the transactions amounting to K18,408,175 had since been attached.

Your Committee directs the Controlling Officer to improve on record keeping. Further, they instruct him to have the documents that had been traced verified by the Office of the Auditor-General.

iv. Unretired Imprest-K4,273,000

The Controlling Officer submitted that the unretired imprest amounting to K4,273,000 at the time of the audit had since been retired.

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

(d) Luwingu District Commissioner's Office

i. Lack of Segregation of Duties

It was observed that during the period under review, the accounting unit was manned by an office orderly who was also manning the stores office. In addition to the lack of segregation of duties, the competence of such a lowly qualified officer to manage funds totalling K89,639,081 was questionable.

The Controlling Officer submitted that there were only three key members of staff

at the District Commissioners' office. These were the District Commissioner, District Administrative Officer and the District Commissioner's Secretary. He said the situation made effective segregation of duties very difficult. He further submitted that the position would improve as soon as the District Accountant was recruited.

Your Committee urges the Controlling Officer to ensure that the position of District Accountant was urgently filled. Meanwhile, he was urged to consider making use of staff from other departments such as the District Council in order to enhance segregation of duty. They await a progress report on both these issues.

ii. *Unaccounted for Stores-K16,187,656*

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of various stores items costing K16,187,656 procured during the period under review.

The Controlling Officer submitted that the receipts and disposal details for various stores items costing K16,187,656 had since been traced.

In closing the matter, Your Committee urges the Controlling Officer to have the traced documents verified by the Office of the Auditor-General.

iii. *Unsupported Payments-K41,012,000*

The Controlling Officer submitted that the unsupported payments amounting to K41,012,000 had since been supported and were available for verification.

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

iv. *Unretired Imprest-K2,850,000*

The Controlling Officer submitted that the unretired imprest amounting to K2,850,000 had been retired.

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

OFFICE OF THE PRESIDENT –WESTERN PROVINCE

AUDIT QUERY		PARAGRAPH	60
Programme:	General Administration		
Activities:	Various		

Accounting Irregularities

62. An examination of accounting and other records maintained at the Provincial Administration carried out in March 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unsupported Payments-K423,857,062

The Controlling Officer informed your Committee that a total of fifty-four transactions amounting K270,235,641.67 were payments with no competitive quotations; this was as a result of single sourcing of goods/service caused by the urgent nature of the transaction and while others were due to the fact that the suppliers were ready to provide the goods/service on credit.

Your Committee finds the explanation given by the Controlling Officer unacceptable and urges him to always adhere to procurement procedures. They strongly urge him to ensure all the missing supporting documents in respect of the whole amount of K423,857,062 are found and availed for audit verification.

(b) Missing Payment Vouchers-K168,336,915

The Controlling Officer informed your Committee that the officer who was in charge of filling paid vouchers had just reported for work from sick leave had been directed to find the missing vouchers.

Your Committee urges the Controlling Officer to immediately institute recoveries since the trips were not undertaken. The Officers involved should also be cautioned against this practice. They await a progress report on the matter.

(c) Misapplication of Funds

(i) Funds irregularly transferred to PRP (K2,013,397,307) and General Deposit Accounts (K11,340,360)

The Controlling Officer submitted that the Province had made a provision in the budget to cater for such reimbursements in the current budget.

Your Committee urges the Controlling Officer against varying funds without seeking approval from the Secretary to the Treasury. They await a progress report on the matter.

(ii) Funds irregularly transferred to General Deposit Accounts- K282,254,986

The Controlling Officer explained that as in the case above, provisions had been made in the 2011 budget to cater for such reimbursements.

Your Committee strongly advises the Controlling Officer to desist from this practice and resolves to close the matter.

(iii) Purchase of thirty four men's suits- K29,240,000

The Controlling Officer submitted that the purpose of buying black suits was to provide uniform to Heads of Departments who were given assignments to perform during the time the late President's body was in the province.

Your Committee is not convinced that this was a necessary expenditure but urges the Controlling Officer to seek retrospective authority from the Secretary to the

Treasury to normalise the expenditure in question. They await a progress report on the matter.

(iv) Funds meant for Departments used at Provincial Administration-K1,019,146,099

The Controlling Officer submitted to your Committee that the Office had introduced an administrative arrangement to cater for emergencies and unforeseen eventualities. It was in this vein that contingency amount was deducted from active departments. This money was not accessed by Provincial Administration alone but by other departments in times when they exhausted their allocation. However, this contingency account had now been abolished.

Your Committee notes the submission and requests the Office of the Auditor-General to have the matter verified after which the matter should be closed.

(d) Irregular Payments

i. Payment of Insurance Cover for Private Motor Vehicles

The Controlling Officer explained to your Committee that at the time of payment on 23rd January, 2008 the invoice used was for October 2007 when the vehicles were still owned by Government. The vehicles were only sold in November 2007 from Lusaka and there was no immediate communication at the time the Office effected the payment. The Controlling Officer further stated that it was not possible to recover the insurance cover paid for the then GRZ vehicles as insurance was not transferable and the motor vehicle beneficiaries did not benefit from the insurance cover.

Your Committee notes that it was still possible for the Controlling Officer to request individuals whose insurance for the vehicles was paid for wrongly to pay back as they enjoyed the insurance cover. They await a progress report on the matter.

ii. Payment for Accommodation - Kuomboka Ceremony

The Controlling Officer informed your Committee that during Kuomboka, accommodation was usually scarce and therefore reservation for VIPs had to be made well in advance. When the expected chiefs failed to arrive the office was compelled to pay for these rooms.

Your Committee cautions the Controlling against making unlawful payments as it is not the responsibility of the Provincial administration to make reservations for the visitors to such functions. The Controlling Officer should request the institutions that requests for the reservations to meet the cost resulting from the cancellations.

iii. Payment for the Servicing of Computers-K48,650,000

The Controlling Officer informed your Committee that the works done were in line with contract document to repair and service computers that was signed between the Office and the suppliers.

Your Committee expresses concern that the contract documents were not availed to the auditors during the audit process and urges the Controlling Officer to avail the said contract to the Office of the Auditor-General for verification.

(e) Irregularities in the Payment and Retirement of Imprest

i. Unretired Imprest-K1,458,821,657

The Controlling Officer submitted that thirty vouchers in amounts totalling K200,687,232 had been retired and instructed the Principal Accountant to locate the retirement vouchers which would be availed for verification.

Your Committee observes that the amount of unretired imprest was too huge and the Controlling Officer was not being effective in having the imprests recovered. They urge him to institute the necessary recoveries from the officers who had failed to retire the imprest.

ii. Questionable Payment of Imprest

▪ *Subsistence allowances and imprest irregularly paid- K15,425,000*

The Controlling Officer explained to your Committee that the Provincial Administration would recover the money from the officers who were wrongly paid imprest to go and vote in their respective constituencies in 2008.

Your Committee resolves to await a progress report on the recoveries from the Controlling Officer.

▪ *Unjustified imprest-K42,317,500*

The Controlling Officer reported that he had instructed the Principal Accountant to recover the imprest paid to the former Acting Principal Accountant and Assistant Accountant to deliver old documents to the National Archives in Livingstone.

Your Committee are not convinced with the reason why K42,317,500 was issued as imprest to the two officers for only submitting old documents and making consultations at the National Archives. Your Committee requests the Controlling Officers to carry through his instruction to recover the funds and provide a progress report on the matter.

iii. Irregular Retirement of Imprest-K87,989,500

▪ *Irregular Retirement of Imprest by the former Permanent Secretary- K46,670,000*

The Controlling Officer noted that the amount of K46,670,000 paid to the former Permanent Secretary Mr Ikanuke Noyoo, for accommodation and meals had been recovered from his benefits.

Your Committee notes that although the money in question has been refunded the matter should have been reported to investigative wings immediately it came out in

the audit report. The Office of the Auditor-General is requested to carry a verification of the recoveries.

- *Irregular Retirement of Imprest* by the former Acting Principal Accountant-K16,855,000

The Controlling Officer stated that he had written to the Permanent Secretary, Ministry of Commerce to effect recoveries of accommodation and meals amounting to K16,855,000 from the salary of the officer.

Your Committee resolves to await progress report on the matter.

(f) Failure to Produce Supervision and Monitoring Reports

The Controlling Officer apologised that no monitoring and Inspection Reports were produced by the then District Commissioner for Kalabo and the Principal Planner when they went to inspect projects in the districts.

Your Committee expresses displeasure at the failure by senior managers to provide reports for their monitoring trips. Your Committee requests the Office of the Auditor-General to verify the current situation in the province regarding preparation of monitoring reports. Further, they urge the Controlling Officer to strongly warn the officers involved for the omission.

(g) Unaccounted for Stores-K675,761,150

The Controlling Officer informed your Committee that the office had put in place some measures to ensure that this did not happen in future.

Your Committee advises the Controlling Officer to avail the stores documents in question to the Office of the Auditor-General for verification.

(h) Weaknesses in Fuel Usage

i. Fuel Drawn by Unidentified Vehicles-K77,027,345

The Controlling Officer reported that there was an oversight in recording vehicle numbers on fuel requisition slips and had instructed all Heads of Departments to ensure that this did not happen in future.

Your Committee is of the view that the Controlling Officer has not been firm in handling the matter and urges him to take disciplinary action against the officer(s) who were responsible for this omission. The Office of the Auditor-General is requested to carry out audit verification on the matter.

ii. Drawing of Both Diesel and Petrol by One Vehicle

The Controlling Officer informed your Committee that this happened when one coupon was used to draw fuel for two vehicles and a generator and he had written

all Heads of Departments to clearly show vehicle numbers drawing fuel on the fuel requisition slips. However, District Commissioners Kalabo and Shangombo get both diesel and petrol due to use of speed boats during the rainy season.

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

iii. *Petrol Drawn by Diesel Propelled Vehicles-K100,910,581*

The Controlling Officer explained that in most cases, departments without utility vehicles borrowed vehicles then issue fuel requisitions for either petrol or diesel, but when vehicles went for refueling at times the fuel slip differed from the product refuelled. This meant that the officers did not bother to take the slip to the issuing department for correction, hence, these anomalies.

Your Committee is gravely concerned at the irresponsibility surrounding the usage of fuel in the Province and urges the Controlling Officer to take concrete steps to address the matter. The Office of the Auditor-General is requested to verify the measures that have been put place to correct the situation.

iv. *Unauthorised Fuel Drawing by GRZ Vehicles not belonging to Provincial Administration-K42,655,082*

The Controlling Officer explained that as an umbrella for all Government departments in the Province they draw fuel from Provincial Administration when there were Government emergencies such as VIP visits, census programmes and crime prevention by security agencies.

Your Committee observes that this does not take away the need for all fuel drawings to be appropriately authorised by the Controlling Officer to avoid abuse of the system.

v. *Fuel Drawn by Non Runner Vehicles-K64,557,732*

The Controlling Officer submitted that this happened in cases where departments without utility vehicles borrowed vehicles and issued fuel requisitions for either petrol or diesel, but when it was time to refuel the vehicles it was discovered that the vehicle had either gone for repairs. This means that the officers did not bother to take the slip to the issuing department for correction, hence, these anomalies.

Your Committee is of the view that there could have been fraud in the usage of the fuel and the matter should not have been treated casually, but reported to Police for further investigations. The Office of the Auditor-General is requested to verify the current situation relating to the issuance of fuel.

vi. *Questionable Fuel Drawings*

- Fuel drawn without Authority-K22,284,774

The Controlling Officer submitted that the officer involved from the department of Resettlement had since been dismissed from the Public Service.

Your Committee puts the blame on the Controlling Officer for failing to put in place strong controls to account for fuel usage. The Office of the Auditor-General is asked to assist in establishing what the current status is.

- Fuel drawn by Vehicle sold by Government-K7,580,989

The Controlling Officer informed your Committee that he had instructed the Principal Accountant to recover the 910 litres of petrol amounting to K7,580,989 from the officers involved as the said vehicles had already been sold at the time they are purported to have drawn the fuel.

Your Committee observes that this is clear case of fraud and urges the Controlling Officer to report the matter to the Police for further action. A progress report was awaited.

OFFICE OF THE PRESIDENT – WESTERN PROVINCE

AUDIT QUERY

PARAGRAPH

61

Programme: General Deposit Account
Activities: Various

Irregularities in the Administration of the General Deposit Account

63. An examination of accounting and other related records maintained at Provincial Administration carried out in February 2010 revealed some irregularities and the Controlling Officer responded as set out below.

(a) Missing Payment Vouchers

The Controlling Officer informed your Committee that he had instructed the Principal Accountant to recover the imprest in amounts totalling K33,075,000 from the officers involved as the two payment vouchers could not be traced and the retirements were questionable.

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

(b) Inadequately Supported Payments-K26,560,103

The Controlling Officer informed your Committee that he had managed to find supporting documents for one voucher. Two payment vouchers were not supported with competitive quotations because the goods and services were procured on credit. Hence, it was not possible to collect competitive quotations.

Your Committee is of the view that credit sales should be supported with relevant documents like those referred to by the Auditor-General and urges the Controlling Officer to accept findings of the Auditor-General and instead of being defensive. Furthermore, they urge the Controlling Officer to avail the payment vouchers supporting the payment for audit verification.

(c) Unretired Imprest-K775,662,394

The Controlling Officer informed your Committee that he had instructed the Principal Accountant to recover imprest totalling K775,662,394 in order to deter officers from delayed retirements.

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

OFFICE OF THE PRESIDENT – WESTERN PROVINCE – HEADQUARTERS

AUDIT QUERY	PARAGRAPH	62
Programme:	Rehabilitation and Construction of Schools	
Activity:	Procurement of Materials and Services	

Undistributed Educational Materials

64. The Controlling Officer submitted that Kalabo, Lukulu, Mongu, Senanga and Shangombo District Education Board Secretary's offices had collected their school requisites. Only Sesheke district had not received the books but efforts were being made through the District Commissioner's and District Education Board Secretary's offices to have the books delivered. The delay in delivering the books was due to communication breakdown between the Provincial Administration and the Provincial Education Office.

Your Committee cautions the Controlling Officer against delays in handling such matters in future and directs him to submit all delivery records to the Office of the Auditor-General for verification.

OFFICE OF THE PRESIDENT –WESTERN PROVINCE-HEADQUARTERS

AUDIT QUERY	PARAGRAPH	63
Programme:	Revolving Fund Account	
Activities:	Various	

Irregularities in the Payment and Recoveries of Loans and Advances

65. An examination of accounting and other records maintained at the Provincial Accounting Control Unit (PACU) carried out in February 2010, revealed lack of control in the payment of loans and advances in that in certain cases recoveries were not affected while in some cases officers whose take home pay was less than 40% of their gross pay were given loans and advances contrary to the Terms and Conditions of Service. The Controlling Officer submitted as set out below.

(a) Loans-K1,773,657,195

The Controlling Officer submitted that he had effected deductions in respect of 249 transactions involving 78 officers amounting to K1,065,821,999 in September 2010. Further, he had instructed the Principal Accountant to effect recoveries for four transactions from the four officers amounting to K9,000,000 that were not effected earlier on.

Regarding an amount of K3,000,000 paid to an officer who was seconded to the office from Ministry of Agriculture and Cooperatives, the Controlling officer submitted that the Provincial Agricultural Coordinator (PACO) Western Province had been advised to effect recoveries and remit the same to the Controlling Officer's office.

On other loan amounts, the Controlling Officer submitted as set out below.

- (i) An amount of K1,000,000 was a salary advance paid to an officer who was not yet on the payroll. The amount would be recovered once the officer was put on the payroll.
- (ii) An amount of K261,143,166 was paid to officers who had since retired/deceased or had been dismissed from the Civil Service and recoveries were effected from their terminal benefits.
- (iii) An amount of K47,700,000 was paid to officers who had since been transferred from Provincial Administration, Western Province. The Controlling Officer had written to the Permanent Secretaries where these officers had been transferred to, to effect the recoveries and remit the monies to the office. An amount of K477,530,000 was reported to have been paid to officer who had since left Provincial Administration.
- (iv) An amount of K315,500,000 in respect of retired/deceased officers has been recovered from the officers terminal benefits. However, recoveries from Pensions Board have not yet been received.
- (v) An amount of K93,530,000 was in respect of officers who had been transferred to other Provinces and Ministries and the Controlling Officer had written reminders to the Permanent Secretaries where these officers had been transferred to, to effect the recoveries and remit the monies to his office.
- (vi) The balance of K68,500,000 was paid to officers who had resigned from the Civil Service and he had instructed the Principal Accountant to make arrangements to recover these amounts from the officers. An amount of K3,000,000 has so far been recovered. Efforts are being made to recover the balance of K65,500,000.

Your Committee resolves to receive progress report on the recovery of the loans in question.

(b) Salary Advances-K224,223,333

The Controlling Officer submitted that amounts totalling K31,690,000 had been recovered by September 2010 while recoveries in respect of K80,900,000 had been effected as loans by September 2010. The balance of K77,520,000 had remained unrecovered and he had, therefore, instructed the Principal Accountant to effect the recoveries from the respective individuals.

Further, amounts totalling to K12,200,000 was paid to officers who had since been transferred from Provincial Administration to various ministries and Provinces. Reminders to the respective Permanent Secretaries to effect recoveries and remit the money to the

province had been written. He also reported that amounts totalling to K17,100,000 was paid to officers who were deceased or retired from the Public Service, The Principal Accountant had been instructed to recover the monies from their terminal benefits.. The K15,000,000 was paid to officers who were not yet on the payroll and recoveries will be effected as soon as they would be put on the payroll.

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

(c) Unrecovered Advances Against Housing Allowances

Amounts totalling K4,000,000 paid in 2008 to four officers as advances against housing allowances had not been recovered as of October 2010.

Your Committee observes that there is a serious problem in the administration of public funds in the Province due to weak controls in almost all aspects of accounting. The Controlling Officer is, therefore, urged to put strict measures in place in order to bring things back to normal at the Provincial Office. They await a progress report on the matter.

OFFICE OF THE PRESIDENT –WESTERN PROVINCE

AUDIT QUERY	PARAGRAPH	64
Programmes:	Improvement to Health Services (PRP) Mongu Township Electrification (PRP)	
Activities:	Construction of Health Posts Installation of Township Street Lights	

Non Operational Health Posts and Misapplication of Funds

66. An examination of payment records, tender documents and other pertinent records including site visits made in March 2010 revealed some irregularities and the Controlling Officer responded as set out below.

(a) Construction of Health Posts

The Controlling Officer submitted that eleven out of the twenty-three health posts constructed were operational although not operating at 100% with equipment and human resource constraints. At the time of completion of most of these health posts, Government had imposed a wage freeze which resulted in non recruitment of civil servants for a number of years. The Provincial health office had sourced some support to train community health workers who would operate in the clinics after a year's training to provide basic medical requirements.

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

(b) Misapplication of Funds Meant for Installation of Street Lights-K200,000,000

The Controlling Officer submitted that his administration could not continue with the street lighting programme because he had other major issues under the Education Sector that needed urgent attention and sought Treasury Authority to vary K102,000,000 which was granted.

Your Committee cautions the Controlling Officer to desist from varying funds without obtaining Treasury Authority first. He is further urged to seek retrospective authority in order to normalise the expenditure. They await a progress report on the matter.

OFFICE OF THE PRESIDENT – WESTERN PROVINCE

AUDIT QUERY	PARAGRAPH	65
Programme	Road Rehabilitations (Feeder Roads)	
Activity:	Grading of Feeder Roads	

Irregularities in Accounting for PRP Funds

67. An examination of pertinent records maintained at the Provincial Administration carried out in February 2010 revealed weaknesses in accounting for funds and the Controlling Officer responded as set out below.

(a) Misappropriation of Funds

(i) *Payments authorized by use of forged signatures-K256,210,000*

The Controlling Officer submitted that he had instituted recoveries in amounts totalling K108,075,000 from the officers involved with effect from July 2010. A total amount of K11,773,388.77 had been recovered as of February 2011. Further, the Principal Accountant had been instructed to recover an amount of K100,285,000 from the emoluments of the officers involved and recoveries would start by March 2011.

As regards payments amounting to K47,850,000 involving four ghost workers, the officer concerned was interviewed by the management at Rural Roads Unit and he admitted forging his supervisors signatures. A charge letter dated 8th June 2010 was written to him and following his admission of guilt he was dismissed from his duties.

While appreciating measures being taken to recover the misappropriated funds, your Committee notes that forgery is a criminal offence which should be reported to Police even before administrative action is taken against the officer. They urge the Controlling Officer to report all cases of misappropriation of funds to the Police for further action. They await a progress report on the matter.

(ii) *Subsistence allowance for trips not undertaken-K2,520,833.37*

The Controlling Officer explained that an amount of K2,520,833.37 had so far been recovered as at February 2011 while the Principal Accountant had been instructed to effect recoveries of the balance amounting to K37,125,000 from the emoluments of the officers involved.

Your Committee notes that if the Provincial Administration had controls in place they could have noticed the fact that an officer obtained subsistence allowance without actually undertaking the trips and would have undertaken corrective measures. Your Committee strongly urges the Controlling Officer that in addition to recoveries, he should take disciplinary action against the concerned officers and

evidence of which should be availed to the Office of the Auditor-General for verification.

(iii) *Payments made to Ghost Workers-K17,325,000*

The Controlling Officer submitted that he had made enquiries with RRU and found that the officers were contracted by the Office of the Roads Engineer. Submitted were oral contract forms.

Your Committee advises the Controlling Officer to submit the contract to the Office of the Auditor-General for scrutiny. In future, all such matters should be resolved during the audit process.

(iv) *Payments authorised by a retired officer for trips not undertaken*

The Controlling Officer submitted that two payments paid to a retired officer amounting to K5,985,000 will be recovered from his terminal benefits while he had instructed the Principal Accountant to effect recoveries of the balance of K18,700,000 from the emoluments of the officers involved.

Your Committee notes that this is a fraud which the Controlling Officer should immediately report to the Police for further action. They await a progress report on both the recoveries and further appropriate action in these matters.

(v) *Payments of subsistence allowance authorised by the Senior Human Resource officer for trips not undertaken- K2,520,833.37*

The Controlling Officer submitted that he had instructed the Principal Accountant to recover the amount of K12,375,000 from the three officers involved.

Your Committee urges the Controlling Officer to institute disciplinary action against the officers concerned, in addition to the recoveries that would be effected. They await a progress report on the matter.

(vii) *Double Payment of Subsistence Allowances*

The Controlling Officer submitted to your Committee that recoveries were instituted from the salaries of the officers involved, with effect from September 2010. The total amount of K4,275,000 had so far been recovered.

Your Committee urges the Controlling Officer to institute disciplinary action against the officers concerned for this irregularity and to have the recoveries there from verified by the office of the Auditor-General.

(viii) *Purported Payments of Wages to Casual Workers-K45,960,000*

The Controlling Officer informed your Committee that the involved officer had been served with a summary dismissal and the Principal Accountant had been directed to recover from his terminal benefits and long service bonus a total amount of K45,960,000.

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

(ix) *Purported payments of Imprest to undertake Road Condition Surveys*

The Controlling Officer reported that he instructed the Principal Accountant to recover the amount of K24,881,400 from the emoluments of the officer involved. Further, the recovery for imprest amounting to K20,380,000 paid to the other officer had been effected from the salaries of the officers involved, Fred Phiri (K13,560,000) and Abel Mkandawire (K6,820,000) since the trip was not undertaken as the Senior Road Inspector fell ill and hospitalised immediately he was paid the imprest. Amounts totalling K4,526,666.64 have so far been recovered from the officers' salaries as of February 2011.

Your Committee is very concerned with the fact that two officers can hold imprest for one Road Inspector. It would have been more prudent for the Road Inspector himself to draw the imprest in question. Your Committee urges the Controlling Officer to ensure that in addition to the recoveries, disciplinary action should be taken against the officers for not refunding the money immediately. It was clear the trip was not going to be undertaken. Your Committee will await a progress report on the matter.

(b) *Missing Payment Vouchers*

The Controlling Officer submitted that the person who was in charge of keeping the records at Provincial Accounting Control Unit, had been charged. However, one payment voucher number 004821 amounting to K8,150,000 for a supplier of stationery (Mesmam General Dealers) was verified and cleared in the verification Report to DAR 11183 dated 6th December, 2010

Your Committee urges, the Controlling Officer to put in place strict monitoring controls to prevent loss of documents. They await a progress report on the recoveries.

(c) *Payments of Wages*

(i) *Missing Acquittal Sheets- K22,060,000*

Two payments in amounts totalling K22,060,000 in respect of wages for casual workers that had participated in various projects were made to a roads officer in December 2009 and March 2010. However it was observed that, the payments were not supported with acquittal sheets.

The Controlling Officer informed your Committee that the officer who was paid the money had since been disciplined and dismissed from employment.

Your Committee urges the Controlling Officer to recover the K22,060,000 from the officer's terminal benefits and provide a report to them.

(ii) Failure to Sign Contracts

There were no contracts signed between the Rural Road Unit and the casual workers that were engaged on the projects undertaken by the Unit during the year under review. Consequently, a total amount of K86,405,000 paid to casual workers was questionable.

The Controlling Officer submitted that he was unable to locate the contract documents for payments made to casual workers amounting to K86,405,000 because the officer who was given the forms for the purpose of processing payments had been dismissed from employment. However, all the scheduled works were completed and all casual workers were paid.

Your Committee expresses concern with the break down of control systems in the Province and urges the Controlling Officer to immediately put in place measures to correct the situation. They await a progress report on the matter.

(d) Unretired Imprest-K173,280,569

The Controlling Officer explained that he had instructed the Principal Accountant to locate the retirement documents and avail to the Office of the Auditor-General for audit verification.

Your Committee urges the Controlling Officer to adhere strictly to the regulations on the retirement of imprest and directs him to immediately effect recoveries from the emoluments of the officers concerned and provide a progress report.

(e) Undelivered Stores Items-K11,850,000

The Controlling Officer submitted that payment to DOTMS Enterprise on cheque number 004553 dated 3rd July, 2009 was made after the company had supplied the books. These books were delivered to the Procurement and Supplies Unit and were received on Receipt Voucher number 590770B on 22nd June, 2009. The officer from RRU, who received books, took them to the sites for recording of store items. The other two suppliers had since been written to and a response was awaited.

Your Committee notes that delivery records in respect of the first supplier should have been availed to the auditors for scrutiny. Your Committee urges the Controlling Officer to investigate what happened and institute disciplinary action against the officers who made the payment without making necessary follow-up action to have the goods delivered. They await a progress report on the matter.

(f) Site Inspections

(i) Lukulu-Mbanga Road

- No expenditure details-K230,055,640

The Controlling Officer reported that in order to improve on stores and financial management at RRU, two accounting officers had been attached to RRU. One was responsible for the stores regarding fuel and while the other was in charge of maintaining the expenditure ledgers.

Your Committee notes the measures taken by the Controlling Officer and advises him to ensure that the expenditure details in respect of K230,055,640 are availed for audit scrutiny so that the matter can be closed.

- Fuel drawn after the Completion Date-K8,331,264

The Controlling Officer explained that the actual date of completion was 8th September 2009 and the project was then handed over to Lukulu District Council on the same date. The fuels drawn on 6th and 7th of September 2009 were used by the equipment that was still working on the road making final touches.

Your Committee expresses concern that such a simple thing as establishing the completion date was not clarified at audit stage instead of allowing it to be in the final report. Your Committee directs the two offices to reconcile the matter and provide a progress report.

- No receipt and disposal details for fuel-K59,177,456

The Controlling Officer informed your Committee that the receipt and disposal details for the fuels costing K59,177,456 was receipted in the site fuel ledger book and there after issued to various equipment at the site using fuel disposal register which was dully signed by drivers and operators.

Your Committee urges the Controlling Officer to avail these details to the Office of the Auditor-General for verification.

(ii) Namushakende-Nalikwanda Road

No fuel records- K204,790,054

The Controlling Officer indicated that two accounting officers had been assigned to RRU and assured that the issue of poor record keeping would be addressed.

Your Committee appreciates the measures put in place, but urges the Controlling Officer to account for the fuel costing K204,790,054 purportedly used on the project. Disciplinary action should also be taken against the officers that were responsible for issuing the fuel. They await a progress report on the matter.

(iii) Sesheke - Kalongola Road-Poor Road works

The Controlling Officer submitted that the works which were undertaken were minor only to facilitate for traffic accessibility and it was unfortunate that the inspection was done five months after the completion date and during the rainy season when after the area experienced floods.

Your Committee resolves to close the matter.

(iv) Senanga-Liangati Feeder Road – Missing Receipt and disposal details for fuel K112,268,791

The Controlling Officer explained that the receipt and disposal details for the fuels costing K112,268,791 was receipted in the site fuel register book and thereafter issued to various equipment at the site which was duly signed for by the drivers and operators as a way of disposing it.

Your Committee urges the Controlling Officer to have the documents availed to the Office of the Auditor-General for audit scrutiny and avail a progress report.

(v) Kalabo-Sihole Road-Fuel drawn without Implementation-K28,616,640

The Controlling Officer explained that the fuel drawn by Rural Road Unit on Kalabo- Sihole road was actually for rehabilitation of township roads. The decision was made by the area Member of Parliament, the District Commissioner and the Council Secretary to vary the programme and worked on township roads.

Your Committee cautions the Controlling Officer against varying funds without any justification nor authority. Your Committee observes that the blame should not be put on stakeholders as the Controlling Officer has the responsibility to apply funds according to appropriations. He is, therefore, urged to desist from such practice in future and to seek retrospective Treasury authority to normalise the expenditure.

OFFICE OF THE PRESIDENT – WESTERN PROVINCE

RESETTLEMENT DEPARTMENT

Programme: Infrastructure Development

Activity: Infrastructure Demarcation in Resettlement Areas

Irregularities in Accounting for PRP Funds

68. An examination of accounting and other records maintained at the Provincial Administration and physical inspections carried out in March 2010 revealed several irregularities and the Controlling Officer responded as set out below.

(a) Unaccounted for Funds

The Controlling Officer submitted that the funds were actually borrowed to finance some administrative activities. The borrowings for 2009 had since been refunded.

The Controlling Officer was urged to desist from misapplying funds without obtaining Treasury authority first. He was requested to have reimbursements verified by the Office of the Auditor- General.

(b) Misapplication of Funds-K335,045,508

The Controlling Officer apologised for the anomaly and stated that it had been envisaged that more work and opening of new areas was going to be done by the office hence the purchase of these assets. The payment for training was a borrowing which has been refunded.

Your Committee expresses concern that the Controlling Officer is misapplying funds from infrastructure development to other uses and urges him to desist from such practice. Your Committee advises the Controlling Officer to obtain Treasury authority to normalise this expenditure.

(c) Questionable Payments

(i) Payment for Services not Rendered- K25,000,000

The Controlling Officer informed your Committee that the payment voucher had not been found adding that this was one of the items that led to the then Principal Land Resettlement Officer to be dismissed from the Civil Service by the Public Service Commission.

Your Committee resolves not to close the matter until the amount is accounted for or indeed deducted from the officer's terminal benefits. They await a progress report on the matter.

(ii) Imprest for a Trip not undertaken-K9,950,000

The Controlling Officer submitted that it had been verified that crop forecasting exercise was done by the Scheme Advisor and based at Kalumwange and not the Officer who obtained the imprest. The Provincial Agricultural Coordinator had been advised to recover the sum of K9,950,000 from the officer's salary.

Your Committee notes the submission and advises the Controlling Officer to take disciplinary action against the officer in addition to the recoveries. They await a progress report on the matter.

(iii) Imprest for wages already paid in full- K17,840,000

The Controlling Officer explained that he had instructed the Principal Accountant to effect recoveries of K17,840,000 from the officer's salary. Further, the officer was brought before the disciplinary committee and strongly warned to stop requesting for imprest where he does not travel or execute the purpose for the imprest.

Your Committee resolves to await a progress report on the recoveries. The Controlling Officer is also urged to present the minutes of the disciplinary committee to the Office of the Auditor-General as proof that the officer concerned was reprimanded.

(iv) Imprest paid without stating purpose of trip - K4,450,000

The Controlling Officer said he had instructed the Principal Accountant to recover the amount of K4,450,000 from the emoluments of the said driver.

Your Committee advises the Controlling Officer to put in place control mechanisms such as requiring each officer, who had drawn imprest, to produce reports after each trip. They await a progress report on the recovery of K4,450,000.

(v) Imprest paid for trips not undertaken - K18,480,000

The Controlling Officer submitted that he instructed the Principal Accountant to recover the monies from the emoluments of the officers involved.

Your Committee reiterates its earlier recommendation that this problem can only be averted by implementing strict internal control measures requiring officers returning from trips to prepare and submit reports within a specific period. Your Committee urges the Controlling Officer to, in addition to the recoveries, take disciplinary action against all the officers involved and provide a progress report.

(vi) Undelivered goods- K12,500,000

The Controlling Officer explained that the department of Resettlement had confirmed receiving and distributing branded golf T/Shirts and caps to the participants of the annual review workshop held in Mongu although there were no receipt and disposal details. The Officer who was involved in the procurement of branded golf t/shirts and caps has since been dismissed from the Civil Service and the Principal Accountant had been advised to recover the K12,500,000 from the benefits due to him

Your Committee notes that recoveries will be effected and resolved to await a progress report on the matter.

(d) Questionable Retirement of Imprest

(i) Receipts written by the Imprest holder- K42,551,200

The Controlling Officer regreted that the officer involved could not properly clarify the issues surrounding the receipts for fuel, tyre mending and welding of carrier despite the programme having been undertaken as confirmed from the visitors' book which the officers had signed and a letter of confirmation from the School Headteacher. The Principal Accountant has been directed to recover the amount of K42,551,200 from the Scheme Manager's salary.

Your Committee observes that it is not whether the activities were undertaken but the genuineness of the retirement and asked the Controlling Officer to investigate the matter of forgery and provide a progress report to your Committee.

(ii) Imprest for a Trip not Undertaken-K43,472,800

The Controlling Officer submitted that the officer confirmed that he and others were in Kaoma from 26th April to 16th May 2009. This was an extension of the trip in d(i) where the officers were accommodated at the same Nakuyuwa Basic School. The availability of the officers in the area was also confirmed by a ZAWA officer who was engaged during the second phase to guard the officers as it was close to the National Park as evidenced by the attached paid claim form.

However, he had instructed the Principal Accountant to recover the amount of K43,472,800 from the scheme manager's salary.

Your Committee is of the view that the Controlling Officer has not done a good job in investigating what really transpired. It is not clear for example why the Controlling Officer did not seek an explanation from the driver who is said to have denied signing for the allowances and undertaking the trip. Your Committee, therefore, urges the Controlling Officer to carry out further investigations in order to establish what really happened and report progress.

(iii) Imprest for subsistence allowances not acquitted-K11,100,000

The Controlling Officer submitted that it had been verified that the Scheme Adviser actually, went for the re-opening of outer boundaries of phase II from 7th to 17th April 2009.

He observed, however, that he had written to the Provincial Agricultural Coordinator to recover the amount of K11,100,000 from the Scheme Adviser's salary and remit recoveries to the Province Office.

Your Committee notes that the Controlling Officer is missing the point as the issue is about the officers, for whom the imprest was drawn, being paid their wages and not whether the imprest holder travelled to the area.

The Controlling Officer should, therefore, find out from the concerned officers if they received their dues failure to which disciplinary action should be taken against the imprest holder. They await a progress report on the matter.

(e) Unretired Imprest-K206,714,000

The Controlling Officer explained that two transactions paid to Besh Chinene on cheque numbers 004753 and 004258 dated 08.09.2009 and 09.01.2009 amounting to K1,680,000 and K18,044,000, respectively and to Bismark Wamulume on cheque number 004685 dated 17.08.09 amounting to K25,025,000, were direct payments for subsistence allowance and wages for casual workers. However, there was an oversight that within the K25,025,000 paid to Bismark Wamulume an amount of K1,385,000 was imprest that was supposed to be claimed separately.

He submitted that he had instructed the Principal Accountant to recover the balance in amount totalling K161,965,000 from the emoluments of the officers involved.

Your Committee requests the Office of the Auditor-General to verify the recovery of K161,965,000.

(f) Wasteful Expenditure-K228,277,280

The Controlling Officer explained that the land in question was issued to the Department of Resettlement by the Litoya Royal Establishment in 2008. The Department then started developing (demarcating) the land in readiness for offer to aspiring settlers. As of July 2009 the Department had spent amounts totalling K228,277,280 on the scheme. It was unfortunate that the land was repossessed by the Government in June 2009 after so much funds had been spent to develop it.

Your Committee notes the submission and closes the matter.

(g) Completion of Construction of a Clinic

i. Failure to prepare Bill of Quantities-K169,744,898

The Controlling Officer noted that it was unfortunate that construction works commenced without preparations of bill of quantities and subsequently payments processed without payment certificates from Buildings Department. In order to correct the situation, the Provincial Buildings Engineer had been directed to produce the BOQ for the remaining works of the clinic. Further, the Principal Land Resettlement Officer was working with the Provincial Building Engineer over the certification of the remaining clinic works.

Your Committee notes that this is a serious omission which calls for disciplinary action to be taken against the officers that were involved. The Controlling Officer is, therefore, urged to take appropriate disciplinary action against the officers responsible for the anomaly. They await a progress report on the matter.

ii. Unverified Building Materials-K91,375,898

The Controlling Officer explained that according to the Kalumwange Scheme Advisor, the building materials bought in that year were recorded in the stores ledger which could not be produced as it is still in custody of the DEC Officers who were carrying out investigations.

Your Committee resolves to receive an update on the matter.

iii. Physical Inspection of the Project

The Controlling Officer noted that the uncompleted works, which were observed, had since been tendered and awarded to Jasto Suppliers.

Your Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT – EASTERN PROVINCE

AUDIT QUERY

PARAGRAPH 66

Programme: Personal Emoluments
Activities: Salaries
 Wages
 Other Emoluments

Weaknesses in Accounting for Salaries

69. An examination carried out in February 2010 revealed some irregularities and the Controlling Officer responded as set out below.

(a) Payment of Salaries to Deceased Officers

The Controlling Officer submitted that it was true that seven officers who died between 2002 and 2009, continued to draw salaries contrary to the terms and conditions of service for Public Service. He, however, reported that the names of the concerned officers had been removed from the payroll, and the salaries paid to them had been recovered from their terminal benefits.

Your Committee encourages the Auditor-General to verify the report by the Provincial Administration.

(b) Payment of Salaries to Officers who Stopped Reporting for Work-K83,419,714

The Controlling Officer submitted that the two officers had since been removed from the payroll and the wrongly paid salaries recovered from their terminal benefits.

Your Committee resolves to close the matter subject to audit verification by the office of the Auditor-General.

OFFICE OF THE PRESIDENT – LUAPULA PROVINCE

AUDIT QUERY

PARAGRAPH 67

Programme: General Administration
Activities: Various

Accounting and Other Irregularities

70. An examination of the accounting and other records maintained at the provincial administration carried out in January 2010, revealed some irregularities and the Controlling Officer responded as set out below.

(a) Unvouched Expenditure K557,486,340

The Controlling Officer explained that payments amounting to K149, 138,267.34 had now been vouched while efforts to vouch the remaining payments amounting to K408,348,072.66 were continuing.

Your Committee expresses concern over transactions being vouched in retrospect and notes that the amount that has remained unvouched is too huge and urges the Controlling Officer to put measures in place to ensure proper procedures are followed. They await a progress report on the matter.

(b) Unretired Imprest-K1,835,838,573

The Controlling Officer submitted that out of the reported amount of K1,835,838,573 as unretired imprest, one payment for the amount of K3,700,510 on cheque number 009280, dated 30th April 2009, was a direct payment to Mansa Batteries. Another payment for the amount of K8,599,187 on cheque number 11395 was a bank transfer to Chienge District Commissioner's Account. Therefore, the imprest in amounts totalling K1,823,538,876 issued during the period under review had not been retired. The current position was that imprest in amounts totalling K1,352,482,325 had been retired and documents were ready for verification.

Your Committee expresses concern that the schedule for officials who had not retired imprest presented to your Committee, included senior officers which is an indication of poor leadership and a sign of a break down in financial controls. Your Committee observes that figures presented were not adding up and therefore, requested the Controlling Officer to reconcile the figures and present the document to the Office of the Auditor-General for verification.

(c) Purchase of a Generator

The Controlling Officer explained that tender procedures for the procurement of the diesel generator were followed through a circular because there was no need for the Committee to sit to consider one item. As for the installation, a letter had been written to the Ministry of Works and Supply to send experts to install the generator.

Your Committee observes that this circular should have been availed to the Auditors during the audit to avert the query. Your Committee also expresses concern at the delay in installing the generator and urges the Controlling Officer to pursue the matter so that the generator is installed without further delay. Your Committee requests the Office of the Auditor-General to verify the authority.

(d) Stores

(i) Lack of Receipt and Disposal Details- K470,659,261

The Controlling Officer explained that receipt and disposal details worth K318,603,526 had been made available and ready for verification while efforts to make available receipt and disposal details for stores items and fuel costing K152,055,735 were continuing.

Your Committee expresses concern at poor record keeping at the Province Administration and urges the Controlling Officer to put measures in place to correct the situation. He is further urged to ensure that the details in respect of K152,055,735 are found while those already traced should be availed to the Office of the Auditor-General for verification. They urge the Controlling Officer to discipline the officer responsible for the disposal details and report progress.

(ii) Undelivered Office Equipment-K18,932,645

The Controlling Officer submitted that all the items for the four payments in amount totalling K18,932,645 which were reported undelivered at the time of audit had now been delivered.

Your Committee finds it unacceptable that delivery of goods that had been paid for could be delayed for such a long time and urges the Controlling Officer to ensure that such a situation is not repeated in future. The Controlling Officer is also urged to invite the Office of the Auditor-General to verify the delivery of the goods in question.

(e) District Commissioners' Offices

The Controlling Officer submitted on the issues set out hereunder as specified below.

(i) Missing Payment Vouchers-K9,181,796

The Controlling Officer submitted that payment vouchers worth K9,181,796 had been traced and is ready for verification.

Your Committee resolves to close the matter subject to audit verification by the Auditor-General.

(ii) Unretired Imprest-K28,660,000

The Controlling Officer submitted that imprest in amounts totalling K67,095,000 have been retired leaving a balance of K28,660,000 which shall be recovered from the salaries of the concerned Officers.

Your Committee expresses concern at the failure by the Controlling Officer to enforce Financial Regulation No. 96(1) and resolves to await a progress report on the retirement and the recoveries from the officers' salaries.

(iii) Unsupported Payments-K23,990,269.60

The Controlling Officer explained that out of the unsupported payments in amounts totalling K23,990,269.60 which were unsupported at the time of audit, payments in amounts totalling K15,221,222.67 had been supported leaving a balance of K8,769,046.93.

Your Committee urges the Controlling Officer to establish measures that will ensure all payments are adequately supported and documents kept in safe custody. He is further, urged to ensure that all the missing support documents are found and availed to the office of the Auditor-General for verification.

(iv) Unaccounted for Stores – K50,323,450

The Controlling Officer stated that receipt and disposal details for stores costing K50,323,450 were now available and ready for verification leaving a balance of K11,406,000.

Your Committee requests the Office of the Auditor-General to verify what has been recovered while the Controlling Officer is urged to find all the disposal details that are still missing. There must be a stop to the practice of availing supporting documents after the audit. Your Committee resolves to await progress report on these matters.

OFFICE OF THE PRESIDENT - LUAPULA PROVINCE - HEADQUARTERS

AUDIT QUERY

PARAGRAPH 68

Programme: Tourism Developments – (PRP)
Activities: Various

Accounting and Other Irregularities

71. An examination of accounting and other records maintained at the Provincial Administration carried out in January 2010, revealed some irregularities and the Controlling Officer responded as set out below.

(a) Non Preparation of a Work Plan

The Controlling Officer explained to your Committee that the Annual Work Plan was actually prepared but was misplaced at the time of audit and was now available and ready for verification.

Your Committee expresses grave concern on the fact that a plan which was guiding the operations of the Administration was misplaced. The Office of the Auditor-General is requested to verify the existence of the Annual Work Plan.

(b) Activity 1 – Tourism Marketing

i. Unretired Imprest-K37,280,000

The Controlling Officer submitted that K17,040,000 worth of imprest which was unretired at the time of audit had now been retired leaving a balance of plain K20,240,000 to be recovered from salaries of the officers concerned.

Your Committee urges the Controlling Officer to apply himself fully to resolving the problems associated with the non retirement of imprests. He is also urged to ensure that proof of the recoveries in respect of the balance of K20,240,000 is availed to the Auditor-General for verification.

ii. Unaccounted for Stores-K19,065,000

The Controlling Officer explained that receipt and disposal details for procurements costing K19,065,000 had been found.

Your Committee urges the Controlling Officer against tolerating poor record keeping and accountability in the Province and directs him to put control measures in place in order to correct the situation. They await a progress report on the matter.

(c) Activities 2 to 5

i. Misapplication of Funds/Unaccounted for funds

The Controlling Officer explained to your Committee that K241,175,000 was used on patching the trunk road Mansa to Kashikishi as it was in a bad state. The Provincial Administration decided to use part of the tourism funds. Further, the K128,063,500 was used on traditional ceremonies, such as Mutomboko, Malaila, Chaabuka Baushi and Bwilile Ceremonies, as these were considered to be part of tourism. The amount spent on tourism activities was K156,958,045.44 while the balance of K29,842,897, was borrowed by Provincial Administration for Office operations.

Your Committee expresses concern with the Controlling Officer's decision to apply most of the money meant for the tourism programmes on other activities without seeking Treasury authority. He is strongly cautioned to desist from this practice as it makes the planned activities suffer. Your Committee urges the Controlling Officer to seek retrospective Treasury authority to normalize the variation.

ii. Unretired Imprest-K279,128,500

The Controlling Officer explained that imprest in amounts totalling K233,709,000 had now been retired while recoveries would be made from salaries of officers who did not retire their imprest.

Your Committee urges the Controlling Officer to take stern action against officers who failed to abide by the Financial Regulation 96 (1) and resolves to await a progress report on the matter.

OFFICE OF THE PRESIDENT-LUAPULA PROVINCE-RURAL ROADS UNIT

AUDIT QUERY

PARAGRAPH 69

Programme: Road Infrastructure
Activity: Various

Weaknesses in the Implementation of Rural Roads Projects

72. An examination of accounting and other records maintained at Provincial Administration and visits to selected districts carried out in January, 2010, revealed several irregularities and the Controlling Officer responded as set out below.

(a) Misapplication of Funds-K1,014,072,181

The Controlling Officer informed your Committee that out of K1,832,649,450 released for Rural Roads, only K802,202,420 was used on rural roads. K658,142,182 was used for pothole patching on the road from Mansa to Kashikishi and K355,929,999 was used for works on the Pedicle Road.

However, the K355,929,999 which was used on the road works on the Pedicle Road was refunded by the Road Development Agency and details were available for verification. The K16,374,849 was transferred for urgent operational needs. However the funds would be reimbursed as soon as funds were available.

Your Committee expresses concern that due to the decision by the Provincial Administration to divert the funds meant for rural roads, out of twenty roads only a paltry five were worked on therefore, defeating the purpose for which the provision was made. Your Committee strongly urges the Controlling Officer to desist from such practices in future and to ensure all funds are reimbursed to the Rural Road Fund Unit.

(b) Undelivered Culverts-K36,000,000

The Controlling Officer explained that the remaining ten culverts had now been delivered while the nine which were damaged had since been replaced and were ready for verification.

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

(c) Unretired Imprest-K410,526,660

The Controlling Officer explained that the retirements for the whole amount had been done.

Your Committee urges the Controlling Officer to ensure documents requested for by Auditors are availed during the audit process instead of presenting them afterwards.

OFFICE OF THE PRESIDENT-LUAPULA PROVINCE-BUILDINGS DEPARTMENT

AUDIT QUERY

PARAGRAPH 70

Programme:

Maintenance of VIP Houses
Maintenance and Rehabilitation of Government Buildings
Construction of Government Infrastructure

Activities:

Various

Accounting and Other Irregularities

73. An examination of accounting and other records maintained at the Provincial Administration and Buildings Departments carried out in January 2010, revealed some irregularities and the Controlling Officer responded as set out below.

(a) Non Utilisation of Funds

The Controlling Officer informed your Committee that K130,000,000 was released for the completion of the wall fence (K30,000,000) and rehabilitation of the house (K100,000,000) at the official residence of the Provincial Minister.

However, the Minister observed that the amount allocated for the rehabilitation was not adequate, looking at the deplorable state of the entire complex. He decided to move into the official residence of the Permanent Secretary and recommended it to be rehabilitated.

The funds were therefore used for the rehabilitation of the official residence of the Permanent Secretary's residence.

Your Committee expresses concern that the Controlling Officer failed to provide guidance to the Minister on the matter. Your Committee observes that as a Controlling Officer he should have taken charge of the situation by advising the Minister to utilise the appropriated funds released by the Treasury.

(b) Lack of Receipt and Disposal Details-K116,547,600

The Controlling Officer explained that receipt and disposal details worth K58,129,000 were now available while efforts to make available receipt and disposal details worth K58,418,600 were continuing.

Your Committee expresses concern at the failure by the Controlling Officer to ensure proper accounting and safe custody of disposal details. He is urged to ensure that all the missing documents are found and availed to the Office of the Auditor-General for audit verification. Your Committee further urges the Controlling Officer to discipline officers who fail to abide by the Financial Regulations.

(c) Construction of Government Infrastructure

i. Non Release of Funds

The Controlling Officer stated that the Provincial Administration had no control over the release of funds because despite requesting for the funds, Budget Office did not make the money available.

Your Committee resolves to close the matter.

ii. Construction of Nchelenge Community Development Offices

The Controlling Officer informed your Committee that the payment made towards Peloc General Dealers and Contractors was meant for the construction of the foundation box (back filling and compaction). The payment of K47,358,532 was made on the basis of certified works.

Your Committee expresses concern that works were certified for payment when contract's obligations were not met and why this explanation was not rendered to the auditors during the audit process. The Office of the Auditor-General is requested to verify the response from the Controlling Officer and provide a report to them.

iii. Construction of Provincial Administration Ablution Block-Excess Expenditure

The Controlling Officer responded that there was excess expenditure of K9,373,665 above the provision. The Provincial Administration could not restrict itself to the K40,000,000 provision because the works could not have been completed.

Your Committee urges the Controlling Officer to seek retrospective authority from the Treasury to vary the funds.

OFFICE OF THE PRESIDENT-SOUTHERN PROVINCE

AUDIT QUERY

PARAGRAPH 71

Programmes:	Personal Émoluments
Activities:	Salaries
	Wages
	Other Emoluments

Weaknesses in Accounting for Personal Emoluments

74. An examination of accounting and other records maintained at Provincial Administration Office, carried out in June 2010 revealed some irregularities and the Controlling Officer responded as set out below.

(a) Misapplication of Funds K411,599,588

The Controlling Officer submitted that out of K411,599,587.64 that was queried, an amount of K154, 480,000 had been reimbursed while K22,175,859 was rightly paid to officers who were not yet introduced on the payroll. She noted further that an amount of K101,000,000 was paid as loans in the salaries account before the amount was transferred to Loan Revolving Account and K73,925,000 was spent on other administrative expenditures. Further, K24,646,300 was used to meet statutory allowances while K35,643,129 was used on administrative expenses. Funds for administrative and statutory allowances were borrowed with a view to reimburse all the borrowed funds, but because there were no funding releases in the month of April and September 2009, it was not possible to reimburse all the borrowed funds.

Your Committee is concerned that the funds in question are applied on unrelated activities without Treasury authority and urges the Controlling Officer to desist from such practices in future. The Controlling Officer is urged to seek retrospective Treasury authority so that the expenditure can be regularised. They await a progress report on the matter.

(b) Irregular Transfers of Funds to the Revolving Fund Account-K391,492,509

The Controlling Officer explained to your Committee that the recoveries for the year ending 31st December, 2009 were K524, 472, 513 while the actual transfer was K422, 676, 687.93. The difference of K101,000,000 was loans paid directly from the salaries account.

In closing the matter, your Committee expresses concerned why this was not explained to the auditors during the audit process in order to avert the query. The Office of the Auditor-General is requested to verify the matter before closure.

(c) Non remittance of tax-K124,093,529

The Controlling Officer explained that tax amounting to a total of K124,093,529.75 deducted from various payments in the form of other emoluments was not remitted to Zambia Revenue Authority (ZRA). These funds were used to pay the administrative expenses and statutory allowances.

Your Committee expresses concern at the failure by the Controlling Officer to remit the taxes in question and urges her to ensure that the taxes amounting to K124,093,529.75 are remitted to ZRA without further delay. They await a progress on the matter.

(d) Inadequately Supported Payments

The Controlling Officer submitted that out of the transactions which were inadequately supported at the time of audit only twenty-eight transactions did not have the receipts attached. The organisation which did not issue the receipts had been requested to do so.

Your Committee urges the Controlling Officer to ensure all the remaining supporting documents are attached. The documents should be availed to the Office of the Auditor-General for verification.\

(e) Missing Payment Vouchers- K52,205,709

The Controlling Officer reported that the vouchers that were missing at the time of audit were now available for verification.

Your Committee urges the Controlling Officer to put in place measures to improve record keeping at the Provincial Office. She is also urged to avail the traced payment vouchers to the Office of the Auditor-General for verification.

OFFICE OF THE PRESIDENT – SOUTHERN PROVINCE

AUDIT QUERY		PARAGRAPH	72
Programme:	Various		
Activities:	Various		

Accounting Irregularities

75. An examination of accounting and other related records maintained at the Provincial Administration carried out in February 2010, revealed some irregularities and the Controlling Officer responded as set out below.

(a) Unvouched Expenditure-K116,889,101

The Controlling Officer explained to your Committee that the missing documents were available for verification.

Your Committee expresses concern at widespread poor record keeping at the Provincial Office and urges the Controlling Officer to put measures in place to correct the situation. She is also urged to ensure the traced documents are availed to the office of the Auditor-General for verification.

(b) Imprest

i. Unretired Imprest-K1,091,581,704

The Controlling Officer submitted that imprest in amounts totaling K649,417,844 had since been retired leaving a balance of K442,163,860 still outstanding.

Your Committee observes that there are weaknesses in the management of imprest in Southern Province and urges the Controlling Officer to institute measures to correct the situation. She is also urged to avail the documents on the retirement of imprest to the Office of the Auditor-General for audit verification.

ii. Subsequent imprest-K583,068,370

The Controlling Officer stated that measures had been put in place to avoid payment of imprests to officers with outstanding imprests.

Your Committee requests the Office of the Auditor-General to verify the current situation before the matter can be closed.

(c) Stores items without receipt and disposal details-K372,275,140.

The Controlling Officer informed your Committee that out of K372,275,140 which was reflected as an amount without disposal details, receipts totalling K50,999,997 were repeated. However, receipts and disposal details for verifications are available with the Departments.

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

OFFICE OF THE PRESIDENT–SOUTHERN PROVINCE- HEADQUARTERS

AUDIT QUERY

PARAGRAPH 73

Programmes: Various
Activities: Various

Accounting Irregularities on the General Deposit Account (GDA)

76. An examination of records pertaining to the General Deposit account maintained at the Provincial Administration Office carried out in March 2010 revealed some irregularities and the Controlling Officer responded as set out below.

(a) Failure to Update Ledgers

The Controlling Officer explained that the ledgers had since been updated and were available for your verification.

Your Committee notes that this is a serious indictment on the professional integrity of the accounting cadre at the PACU and urges the Controlling Officer to come up with strict monitoring mechanisms to ensure ledgers are maintained and updated. The Office of the Auditor-General is requested to verify the current situation before the matter can be closed.

(b) Misapplication of Funds

Amounts totalling K490,946,280 involving 118 transactions were misappropriate on other activities such as travelling expenses (K18,000,000), statutory allowances (K5,613,200), staff loans (K17,000,000), imprest (K141,868,000), among others. As a result, eligible activities

such as construction of Namafulo border post in Sinazongwe, rehabilitation of Community Development offices in Namwala and Siavonga were outstanding.

The Controlling Officer stated that the total amount of to K575, 821, 479.64 was borrowed with a view to reimbursing it and amount of K515, 716, 636 had been reimbursed.

Your Committee urges the Controlling Officer to seek retrospective Treasury authority to normalize the variation. She is further cautioned to desist from utilising the funds before obtaining authority from the Treasury irrespective of the urgency of the matter. Your Committee awaits a progress report on the matter.

(c) Unvouched Expenditure-K143,051,796

The Controlling Officer explained that the supporting documents to payment vouchers were available for verification. An amount of K76,113,796 was a subsequent payment hence it could not have attachments.

The Controlling Officer is urged to have the documents verified by the Office of the Auditor-General.

(d) Unretired Imprest- K392,364,820

The Controlling Officer informed your Committee that out of the unretired amount of K392,364,820 an amount of K139,525,000 had since been retired while K25,681,000 was paid as tuition fees. Further, K56,700,000 was imprest paid to officers from the Ministry of Tourism. The officers retired the imprest at their Headquarters in Lusaka while K78,604,977.35 was released by Lukona Chambers to pay for loss of salaries to the Classified Daily Employees. These funds were a direct payment and not imprest to the retired workers

Your Committee urges the Controlling Officer to have all the documents pertaining to the retired imprest verified by the Office of the Auditor-General.

TOURS OF THE COMMITTEE

77. In accordance with its programme of work for the year 2011, your Committee undertook local tours to selected institutions in Lusaka, Central, Copperbelt and North-Western Provinces. All the institutions and projects visited were cited in the Auditor-General's Report on the Accounts of the Republic for the financial year ended 2009. Your Committee also took advantage of the tour to follow up on issues that were raised in the Report of the Auditor-General for 2008 on Accounts of Parastatal Bodies. A total of eight institutions were visited and below is a summary of your Committee's findings and recommendations.

Kabweza Rural Health Post

The Auditor-General reported that a site visit in July 2010, two years after the proposed completion period, revealed that the structures had been erected and were almost ready for use except for some outstanding works and defects such as peeling off of paint due to poor quality paint which was used; wiring not yet completed; spoon drain not yet done and the cracks on the floor.

The Controlling Officer appeared before your Committee in March, 2011, and submitted that the Health Post took long to complete due delayed funding but it had since been completed.

After visiting the site, your Committee was disappointed to find that the defects highlighted in the Auditor-General's Report had not been attended to. Your Committee did not understand why the project with such defects qualified for payment by the Ministry of Works and Supply. Further your Committee found there were attempts by the Ministry to make the Health Post operational by posting one medical staff although there was no furniture available.

Your Committee, therefore, recommends that the Controlling Officer should urgently ensure that:

1. all the defects that were identified in the Audit Report are rectified before the Health Post is officially launched;
2. funding to ensure the electrification of the Health Post is sourced from the Treasury;
3. furniture and other necessary fixtures required at the Health Post are procured and installed to allow for the normal operation of the Health Post are mobilise; and
4. a progress report on the matter is availed to your Committee.

National Service Makeni Housing Project

The Auditor-General reported that despite the fact that the contractor had done works valued at K1,986,885,090, the Ministry of Defence had not made any payments to the contractor despite being funded in full. As of April, 2010, the contractor had abandoned the project, citing none payment for work done.

The Controlling Officer appeared before your Committee in March, 2011, and submitted that the Ministry decided to meet payment obligations with international organizations in order to avoid paying severe penalties that could have arisen in case of the default. This resulted in the failure to meet the China Geo Contract.

The visitation to the site by your Committee confirmed the Audit findings that the construction works on the twenty houses had stalled and the contractor had abandoned the project due to non payment for the works done.

Your Committee is concerned to find trusses on roofless houses were exposed and susceptible to decay. Your Committee requested the Controlling Officer to make a submission giving concise details on the contract so that the implications of what had happened could be fully appreciated by your Committee.

In his submission dated 19th May, 2011, the Controlling Officer submitted that the contract sum was K6,079,303,800 while the total amount released by the Treasury under infrastructure development was K15,000,000,000. He noted that no amounts were applied on the housing project as an amount of K12,772,063,420 was varied and used to pay suppliers of specialized military equipment.

Your Committee finds the failure to complete this project and unacceptable as delay in the completion date by will lead to the escalation of the cost of the project. Firstly, since the contractor has demobilised, further remobilisation fees will need to be paid. Secondly, since payment certificates for the works done have exceeded the period for honouring payments, amounts will be charged on the outstanding amounts.

Your Committee directs the Controlling Officer to immediately reimburse the funds that were misapplied from the infrastructure line so that the project can be completed before there is further deterioration of the exposed trusses. He is further strongly advised to desist from misapplying funds without authority of the Secretary to the Treasury.

Gemstone Processing and Lapidary Training

A physical inspection by the Office of the Auditor-General conducted in June 2010, revealed that although the works were completed there were defects such as leakages, damaged ceiling boards, defective ball valves in cisterns, broken toilet covers and geyser switch not working.

Your Committee was pleased to discover, during the visit, that the contractor had worked on all the identified defects during the liability period while the Management had worked on the new defects. The contractor had since removed the defective water tank. Your Committee learnt that a filter had been fitted to clean the water from the borehole that had been producing iron contaminated water.

Your Committee urges the College Management to have the water tested in order to establish the levels of iron still in the water after the filter was fitted. They await a progress report on the matter.

Provincial Accounting Unit, Solwezi

Your Committee was eager to visit the roll out site in Solwezi to share experiences with the end users on the implementation of the IFMIS. Your Committee discovered that the roll out site was facing a lot of implementation challenges as set out hereunder.

- (a) The site was relying on Accounting Officers to handle IT problems as the IFMIS Project did not include in its structure a position for IT experts in roll out sites.
- (b) The site was operating without a back-up generator set, thereby exposing the site to disruptions due frequent power failures.

- (c) The site's air condition system was non-functional exposing the equipment to possible damage due to high temperatures in the server room.
- (d) Controlling Officer's telephone link was dysfunctional and was awaiting an IT expert from Lusaka to repair it.

Your Committee urges the Ministry of Finance and National Planning to use the lessons that have been learnt in sites that have been rolled out, in order to improve the implementation of IFMIS. Specifically, your Committee makes the recommendations set out below.

- i) While appreciating the existence of IT desk officers in Lusaka to assist the roll out sites in handling system problems and failures, your Committee strongly recommends that the Ministry should consider including, in the IFMIS structure, the position of IT specialist at each roll out site.
- ii) The Ministry of Finance and National Planning should consider sourcing for funding to purchase generators for the roll out sites failure to which the sites should be informed in good time to make provision for this expenditure.
- iii) The Ministry of Finance and National Planning should ensure end users and local administrators are committed are adequately sensitised on the benefits of the IFMIS.

Your Committee will await a progress report on the matter.

Solwezi Trades Training Institute

A physical inspection conducted by your Committee, revealed that works on the double hostel had reached roof level although there were delays in the completion of the project caused by the non release of funds by the MoFNP in the fourth quarter of 2009. The contractor had since applied for an extension and the new completion date was 31 May, 2011.

Your Committee notes that the works have fallen one year behind schedule as the project was initially supposed to have been completed in May 2010. Your Committee is, however, comforted to learn while on site, that no extra costs had yet been charged by the contractor. Your Committee is also impressed with the quality of works being done by the contractor.

Your Committee urges the Secretary to the Treasury to ensure funding is made available for the completion of the hostels before costs escalated. Your Committee resolves to await a progress report on the matter.

Zambia Forestry College

Your Committee visited the College to make a follow up on key irregularities that were mentioned in the Auditor-General's Report for 2008 on Accounts Parastatal Bodies. Your Committee's observations and recommendations are as set out below.

Rehabilitation of Laboratory, Septic Tank and Soak Away

In December, 2007 the College engaged Zukanji Sim General Dealers to rehabilitate laboratory, septic tank and soak away at a contract sum of K155,384,357. As of October, 2009, the contractor

had been paid in full. A physical inspection carried out in November, 2009 revealed that the septic tank and soak away for the laboratory were not completed and the contractor had since abandoned the project.

Your Committee expresses concern that works on the septic tank and the soak away for the laboratory had not been completed. Further, due to vandalism, some fittings and pipes in the laboratory had been removed resulting in massive leakages of water. There was no evidence that the Management had tried to stop the leakages.

Your Committee urges the Controlling Officer to take keen interest in the project so that it can be completed without further delay. The Controlling Officer should engage the Ministry of Works and Supply to ensure the completion of the project. Your Committee will await a progress report on the matter.

Nitrogen Chemical of Zambia (NCZ)

Following the irregularities exposed in the Auditor-General's Report, your Committee resolved to visit the NCZ plant in order to obtain a follow-up on what was being done to address the queries specified hereunder.

i) Failure to Prepare Financial Statements

It was reported in the Audit Report that the Company had not produced audited financial statements for the financial years ended 31 March, 2001 to 2009, which was contrary to Clause 126 of the Articles of Association for the Company.

During the visit, your Committee was saddened to learn that the matter was still outstanding as the External Auditors, Price Water House Coopers (PWC), had not yet completed the statements despite having been paid for the service. Your Committee learnt that the auditors had indicated that they were still consulting on how to proceed with the audits for the financial years ended 31 March 2001 to 2004 due to the passage of time.

Your Committee expresses concern that no progress has been made on having the audited statements completed and notes that the matter needs to be addressed urgently in order for the Company to be compliant in its reporting obligations. Management is urged to consider bringing the issue of old accounts before the Accountant-General with a view to arriving at negotiated balances based on dates from which NCZ could adduce information.

ii) Unsupported Payments and Unretired Imprest

Your Committee learnt that the amount which was not supported had reduced substantially from K16 billion to K860 million. Unretired imprest on the other had reduced from K984 million to K60 million.

Your Committee notes the progress achieved but is concerned that NCZ Management is not doing enough to prevent the reoccurrence of similar irregularities. Particularly, your Committee is concerned that NCZ Management has still not found a secure room or strong room in which to keep accountable documents in order to improve on record keeping. Your Committee also found no proof that disciplinary action was taken against the officers who failed to maintain records or failed to retire imprest.

Your Committee, therefore, urges the NCZ Management to implement appropriate internal control measures and ensure that disciplinary action is taken against the officers that fail to adhere to Financial Regulations and accounting procedures. They await a progress report on the matter.

iii) *Failure to Insure Assets*

Your Committee was informed that the matter had not been resolved although the process to insure the assets against fire and other risks had started and would be concluded soon.

Your Committee urges the management of NCZ to ensure that the assets were insured without further delay and provide a progress report.

iv) *Non Remittance of Statutory Contributions*

Your Committee was informed that a solution had not yet been found on how to resolve outstanding workers contributions to NAPSA due to heavy penalties amounting to over K100 billion that had accrued.

Your Committee finds this to be a serious matter, which has the capacity to cripple the operations of the Company and urges the Controlling Officer, Ministry of Agriculture and Cooperatives to consult the Secretary to the Treasury on how this matter could be resolved. They await a progress report on the matter.

v) *State of the Plant*

After touring the plant, your Committee observed that the installed technology at the plant may be outdated and strongly urges the Government to consider engaging a strategic partner who would undertake a study on the whole operations of the Company and try to re-orientate the whole plant in terms of technology and product range. Your Committee is of the view that the Government should proactively approach potential partners instead of waiting for possible expression of interest. They await a progress report on the matter.

Zambia Railways Limited (ZRL)

The Audit Report revealed that Zambia Railways Limited was facing a lot of challenges such as consistent loss making; exposure to risk of insolvency due to liquidity problems; increased long term liabilities and failure to remit statutory obligations.

Following discussions held with the Management of the Company, your Committee is of the view that the root cause of most challenges being faced by the Company is the defective Concession Agreement. Secondly, although the Government decided to maintain ZRL as a holding company for the assets, enabling legislation was not put in place in order to facilitate its work and clarify the reporting obligations. Further, although the concession fees were recognised in the Company's books of accounts, they were paid directly to the Ministry of Finance and National Planning and according to Management no economic benefits accrued to ZRL. Your Committee observes further that the consistent poor relations between the Concessionaire and ZRL are mainly due to differences in the interpretation of clauses in the Agreement.

Your Committee is pleased to learn that as a way forward, a Canadian Consultant has been engaged to undertake a study which would form a basis for sound discussions on how to address the problems faced in the implementation of the Agreement and a report is still awaited.

Notwithstanding the above, your Committee recommends that the Government should consider revising the current reporting system by elevating the status of the holding company. Secondly, the Government should consider rerouting the concession fees from the Treasury to the ZRL, so that the Company can rehabilitate infrastructure beyond what is considered necessary by the Concessionaire.

Conclusion

78. Your Committee is grateful for the support rendered to it by your Office and that of the Clerk when considering the Report of the Auditor-General on the Accounts for the financial year ended 31 Decemeber, 2008. Your Committee is also grateful to the Secretary to the Treasury and all Controlling Officers who appeared before it and for their cooperation.

Finally your Committee thanks and acknowledges the valuable input from the Office of the Auditor-General and that of the Accountant-General during its deliberations.

E M Hachipuka, MP
CHAIRPERSON

June 2011
LUSAKA