



REPUBLIC OF ZAMBIA

REPORT

OF THE

**COMMITTEE ON PARASTATAL BODIES
ON OUTSTANDING ISSUES**

**ARISING FROM THE REPORTS OF THE PUBLIC ACCOUNTS COMMITTEE
ON THE REPORTS OF THE AUDITOR GENERAL ON THE ACCOUNTS OF
PARASTATAL BODIES AND OTHER STATUTORY INSTITUTIONS FOR THE
FINANCIAL YEARS ENDED 31ST DECEMBER 2012, 2013 AND 2015**

FOR THE

THIRD SESSION OF THE TWELFTH NATIONAL ASSEMBLY

Printed by the National Assembly of Zambia

NATIONAL ASSEMBLY OF ZAMBIA

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Table of Contents

1.0	Membership of the Committee	1
2.0	Functions of the Committee.....	1
3.0	Meetings of the Committee.....	2
4.0	Programme of Work	2
5.0	Arrangement of the Report	2
6.0	Procedure adopted by the Committee	2
PART I.....		3
7.0	Introduction.....	3
8.0	Scope of Audit	3
9.0	Internal Control.....	4
10.0	Paragraph 4 - Statutory Bodies that had not Submitted Audited Financial Statements.....	4
10.1	Coffee Board of Zambia	5
10.2	Cotton Development Trust	5
10.3	Nitrogen Chemicals of Zambia (NCZ).....	5
11.0	Paragraph 5-General Findings	6
12.0	Other General Irregularities	8
13.0	CITIZENS ECONOMIC EMPOWERMENT COMMISSION.....	11
13.1	Secretariat	11
13.2	Empowerment Fund	13
14.0	ELECTORAL COMMISSION OF ZAMBIA.....	14
14.1	Accounting and Other Irregularities –Electoral Commission of Zambia.....	14
15.0	THE JUDICIARY	15
15.1	Unaccounted for Fuel	15
15.2	Un-Acquitted Overtime Allowance Payments	15
15.3	Inadequately Supported Payments.....	16
16.4	Unretired Imprest.....	16
16.5	Irregular Payment of Salaries and Allowances.....	16
16.6	Failure to Deliver Projects on Time	17
16.7	Poor Workmanship.....	17

16.8	Questionable Payment of Retention Funds – Mulobezi Rural Local Court	18
17.0	MULUNGUSHI UNIVERSITY	18
17.1	Non-Remittance of Statutory Contributions	18
17.2	Lack of Title Deed for Water Works Land	19
17.3	Inadequately Supported Payments	19
17.4	Failure to carry out an Environmental Impact Assessment	19
18.0	UNIVERSITY OF ZAMBIA	20
18.1	Financial Position - Statement of Financial Position	20
18.2	Missing Receipt Books	20
18.3	Missing Payment Vouchers	21
18.4	Inadequately Supported Payments	21
18.5	Unretired Imprest	21
18.6	Used Receipts without Details – School of Law	22
18.7	Irregular Payment of Allowances	22
18.8	Unaccounted for Stores - School of Medicine	22
19.0	ZAMNET COMMUNICATION SYSTEMS LTD	23
19.1	Financial Performance –Income Statement	23
19.2	Financial Position – Statement of Financial Position	23
20.0	TIMES PRINTPAK ZAMBIA LIMITED	24
20.1	Failure to Remit Loan Scheme Repayments Deducted from Employees	24
20.2	Procurement of the Printing Machine Using a Loan	25
20.3	Unretired Imprest K 42,343,764	25
20.4	Missing Payment Vouchers	25
20.5	Inadequately Supported Payments	26
21.0	EASTERN WATER AND SEWERAGE COMPANY (EWSC)	26
21.1	Lack of an IT Strategic Plan	26
21.2	Irregularities in Asyst Billing System	26
21.3	Financial Position	28
21.4	Cash Flows	28
21.5	Un-Accounted for Water	29
21.6	Failure to Remit Statutory Contributions	29
21.7	Inadequately Supported Payments	30
22.0	LUKANGA WATER AND SEWERAGE COMPANY LIMITED	30
22.1	Company Performance	30
22.2	Financial Position	31
22.3	Non Payment of Statutory Obligations	32
22.4	Revenue	32
22.5	Un-Acquitted Funds	33
22.6	Inadequately Supported Payments	33
22.7	Missing Payment Vouchers	34

23.0	SOUTHERN WATER AND SEWERAGE COMPANY LIMITED (SWSC).....	34
23.1	Financial Position	34
23.2	Unaccounted for Water.....	35
23.3	Un-Vouched Expenditure.....	35
23.4	Unretired Imprest K 370,368,488.....	36
23.5	Failure to Remit Statutory Contributions	36
23.6	Unaccounted for Stores – Choma Regional Office	37
24.0	INDENI PETROLEUM REFINERY COMPANY LIMITED	37
24.1	Irregularities in the Management of Information Communication Technology	37
24.2	Undelivered Stores Items.....	37
24.3	Undelivered Equipment - Fired Heater Refurbishment.....	38
25.0	NITROGEN CHEMICALS OF ZAMBIA LIMITED.....	39
25.1	Weakness in the Collection of Receivables.....	39
25.2	Failure to Settle Accounts Payables	39
25.3	Outstanding Litigations in Favour of Nitrogen Chemicals of Zambia for the Years 2009 – 2012.....	39
25.4	Non Remittance of Statutory Obligations	40
25.5	Unretired Imprest.....	40
25.6	Unsupported Payments – K103, 849,999.48	41
26.0	NATIONAL AIRPORTS CORPORATION LIMITED.....	41
26.1	Statement of Comprehensive Income.....	41
26.2	Financial Position	41
26.3	Unsupported Payments K 416,973,589	42
26.4	Unretired Imprest K 64,112,000.....	43
26.5	Non Performing Contract – Ubitech System Inc.....	43
27.0	ZAMBIA RAILWAYS LIMITED	43
27.1	Irregularities in Staff Related Costs.....	43
27.2	Deterioration of Infrastructure during Concession Period	44
27.3	Irregularities in Accounting for Locomotives and Wagons	46
27.4	Irregularity in the Sale of Properties.....	48
27.5	Failure to Avail Lease Agreements	48
27.6	Irregular Sale of Land.....	49
28.0	ZAMBIA DEVELOPMENT AGENCY (ZDA).....	49
28.1	Unreimbursed Borrowings from Escrow Account	49
28.2	Inadequately Supported Payments-K749, 400,135	50
28.3	Unretired Imprest K 15,305,080.....	50
28.4	Fixed Assets.....	50
29.0	NATIONAL PENSION SCHEME AUTHORITY	51
29.1	Weaknesses in the Management Information Systems (MIS).....	51

29.2	Outstanding Contribution Payments.....	51
29.3	Management of Levy Business Park	52
29.4	Undischarged Guarantee.....	53
29.5	Outstanding Rent Debtors	53
30.0	ZSIC GROUP OF COMPANIES	54
30.1	Management Information Systems.....	54
30.2	Review of Accounting Records.....	55
31.0	ZAMBIA WILDLIFE AUTHORITY.....	58
31.1	Wasteful Expenditure – SMS Competition - K730, 227,321.37	58
31.2	Un-Vouched Expenditure	58
31.3	Unretired Imprest.....	58
31.4	Unaccounted for Stores	59
31.5	Failure to Collect Revenue from Masebe Game Ranch	59
31.6	Payables	60
31.7	Contract for the Translocation of Assorted Species of Wildlife	60
31.8	Lack of Proper Armory Building – Area Management Units	61
31.9	National Parks, Game Management Areas and Lodges	62
PART II	64
32.0	Introduction.....	64
35.0	Paragraph 4 Institutions that had not Submitted Audited Financial Statements.....	65
35.1	Times Printpak.....	66
35.2	National Sports Council of Zambia	67
35.5	Food Reserve Agency (FRA)	68
35.5	Zambia Education Publishing House (ZEPH).....	68
35.6	Livestock Development Trust	68
35.7	Coffee Board of Zambia	69
35.8	Kitwe City Council (KCC).....	69
35.10	Luapula Water and Sewerage Company (LpWSC).....	70
35.11	Mukuba Hotel.....	70
Treasury	Concluding Remarks on the Institutions that did not submit audited Financial Statements ...	71
36.0	DEVELOPMENT BANK OF ZAMBIA.....	71
36.1	Dual Directorship	71
36.2	Enterprise Development Fund (EDF).....	71
36.3	Outstanding Loans K 254,991,000	72
36.4	Irregular Purchase of Gift Vouchers K 59,000.....	74
36.5	Non Remittance of Statutory Contributions	74
36.6	Weaknesses in the Management Information Systems	74
37.0	THE JUDICIARY	78

37.1	Missing Payment Vouchers K 4,093,232	78
37.2	Unsupported Payments K 4,158,433	79
37.3	Unaccounted for Stores	79
37.4	Unretired Accountable Imprest K 1,612,072.....	81
37.5	Failure to Produce Reports	84
37.6	Unremitted Taxes - Ndola and Lusaka Subordinate Court.....	85
38.0	KAFUBU WATER AND SEWERAGE COMPANY (KWSC)	85
38.1	Billing for Services – Weaknesses in the Pronum Billing System.....	85
38.2	Comparative Performance of KWSC in the Water and Sanitation Sector	85
38.3	Overdue Receivables	86
38.4	Missing Payment Vouchers	86
38.5	Failure to Remit Statutory Contributions	87
39.0	THE KITWE CITY COUNCIL.....	87
39.1	Failure to Remit Statutory Contributions	87
39.2	Lack of Title Deeds	88
39.3	Lack of Lease Agreements	88
39.4	Irregularities in Memorandum of Understanding.....	89
40.0	LOCAL SUPERANNUATION FUND (LASF)	89
40.1	Information Systems Audit - Lack of IT Continuity Plan and Disaster Recovery Plan (DRP)	89
40.2	Failure to Appoint a Board	90
40.3	Performance of the Fund	90
40.4	Statement of Financial Position of the Fund	91
41.0	LUAPULA WATER AND SEWERAGE COMPANY (LPWSC)	95
41.1	Weaknesses in Management Information Systems	95
41.2	Lack of Statutory Instrument to Transfer Assets and Liabilities.....	96
41.3	Non-Remittance of Taxes and Statutory Contributions	96
41.4	Collapsed GRP Type Water Tanks in Mansa and Kashikishi	96
41.5	Comparative Performance against Water and Sanitation Sector Bench marks.....	97
42.0	LUSAKA WATER AND SEWERAGE COMPANY (LWSC).....	99
42.1	Management Information Systems.....	99
42.2	Non-Revenue Water (NRW).	100
43.0	MOFED TANZANIA LIMITED	100
43.1	Board Related Issues	100
43.2	Staff Related Matters	102
43.3	Questionable Payment	104
43.4	Inadequately Supported Payments.....	104
43.5	Unretired Imprest K964, 138.....	105
43.6	Missing Receipt Books.....	105
43.7	Engagement of a Consultant without a Contract	105

43.8	Non Functional Network	106
43.9	Wasteful Expenditure US\$4,745.53	106
43.10	Wasteful Expenditure - Additional Storage Charges For Fertilizer.....	107
44.0	THE MUKUBA HOTEL.....	107
44.1	Failure to Prepare Annual Reports	107
44.2	Financial Performance - Statement of Comprehensive Income	108
44.3	Statement of Financial Position.....	108
44.4	Non and Late Remittance of Statutory Contributions and Taxes.....	109
44.5	Lack of Title Deeds to Land and Buildings.....	109
44.6	Failure to Recover Loans/ Advances from Separated Employees	110
44.7	Unaccounted for Stores	110
44.8	Inadequately Supported Payment Vouchers.....	110
44.9	Unretired Imprest K 48, 503.....	111
45.0	NATIONAL HOUSING AUTHORITY (NHA).....	111
45.1	Failure to Submit Annual Report to the Minister.....	111
45.2	Non Remittance of Statutory Contribution.....	112
45.3	Failure to Produce Title Deeds	112
45.4	Maintenance Policy	112
45.5	Failure to Implement Board Resolution to Increase Rentals.....	113
45.6	Failure to Collect Income from Rentals and Sale of Property.....	113
45.7	Construction of Constituency Offices	114
46.0	NKANA WATER AND SEWERAGE COMPANY (NWSC).....	115
46.1	Financial Performance – Statement of Comprehensive Income	115
46.2	Financial Performance – Statement of Financial Position.....	115
46.3	Kalulushi Water Treatment Plant	116
46.4	Construction of Infrastructure on Private Land - Water Intake Facility.....	116
47.0	PATENTS AND COMPANIES REGISTRATION AGENCY (PACRA).....	117
47.1	No formally Documented Standards and Procedures for ICT in the Organisation	117
47.2	Non Recovery of Staff Debtors K 39,869.15	117
47.3	Late and Non-Payment of NAPSA Contributions.....	117
48.0	THE PUBLIC SERVICE PENSION FUND BOARD (PSPFB).....	118
48.1	Lack of Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP)	118
48.2	Lack of Change Management Procedures	118
48.3	Failure to Claim Withholding Tax (WHT) from ZRA	119
48.4	Insolvent Pension Fund	119
48.5	Increasing Dependence Ratio	119
48.6	Investment in Excess of 20 per cent of Net Assets.....	120
48.7	Debtor Balances - Trend Analysis.....	120
48.8	Outstanding Pension Contributions.....	121
48.9	Outstanding Retirement Benefits.....	121
49.0	ZAMBIA NATIONAL BUILDING SOCIETY (ZNBS).....	121

49.1	Questionable Payment of Allowances to Board Members	121
49.2	Weaknesses in Managing Loans and Advances	122
49.3	Procurement of Goods, Works and Services K 366,824	125
50.0	ZAMBIA POSTAL SERVICE CORPORATION (ZAMPOST)	125
50.1	Failure to Appoint a Representative from the Zambia Federation of Employers on the Board	125
50.2	Failure to Prepare Annual Reports	125
50.3	Non-Remittance of Statutory Contributions and Taxes	126
50.4	Financial Performance-Statement of Comprehensive Income	126
50.5	Statement of Financial Position	127
50.6	Misappropriation of Funds - Livingstone Post Office.....	127
51.0	ZAMBIA TELECOMMUNICATIONS COMPANY LIMITED (ZAMTEL).....	128
51.1	Management Information System	128
51.2	Statement of Comprehensive Income and Expenditure – Profitability	129
51.3	Statement of Financial Position.....	130
51.4	Lack of Title Deeds	131
51.5	Failure to Seek Attorney General’s Approval	132
51.6	Unoccupied Provident House	132
51.7	Neglected Engineering warehouse and general stores	133
51.8	Abandoned Kitwe Town Centre Plot.....	133
51.9	Neglected Parklands Workshop.....	133
52.0	ZAMBIA CONSOLIDATED COPPER MINES INVESTMENTS HOLDINGS	134
52.1	Weakness in Corporate Governance.....	134
52.2	Failure to Formalise the Role of the Executive Director	134
52.3	Failure to Approve Terms and Conditions of Service for Executive Chairman	135
52.4	Weaknesses in Loans Management.....	137
52.5	Failure to Complete Transfer of Title - Payment of Legal and Other Expenses	138
52.6	Under-utilisation of Investments House/Wasteful expenditure on Rental	139
52.7	Poor Performing Loans - Ndola Lime Company Limited.....	139
52.8	Non-Current assets	140
52.9	Failure to Generate Cash Inflows from Operating and Investing Activities	141
52.10	Subsidiary Companies	141
PART III	143
53.0	Introduction.....	143
54.0	Auditor General’s Scope.....	143
55.0	Auditor General’s Comment on Internal Control	144
56.0	Institutions that did not Submitted Audited Financial Statements.....	145
60.0	Overview of the Industrial Development Corporation of Zambia.....	155

60.1	Objectives of IDC.....	155
60.2	Ownership and Shareholding.....	155
60.3	Funding.....	156
60.4	Industrial Development Corporation’s Portfolio.....	156
61.0	CHAMBESHI WATER AND SEWERAGE COMPANY LIMITED (CHWSC).....	157
61.1	Failure to Prepare Audited Financial Statements	157
61.2	Operational Losses	157
61.3	Comparative Performance in the Water and Sanitation Sector	158
61.4	Questionable Board Expenses	160
61.5	Failure to Submit Expenditure Returns – K420, 037	160
61.6	Unacquitted for Payments	160
61.7	Lack of Title Deeds for Surrendered Assets.....	161
61.8	Irregular Issuance of Fuel.....	161
61.9	Non-Remittance of Statutory Contributions.....	162
61.10	Projects and Contracts	162
61.11	Questionable Procurement of Motor Vehicles	164
61.12	Failure to Liquidate Payment Certificates – K73, 735,592	164
61.13	Failure to Recover Costs of Damages on Infrastructure by Road Contractors and Councils – K4, 831,186	165
61.14	Management Information Systems.....	165
62.0	INDEPENDENT BROADCASTING AUTHORITY (IBA).....	172
62.1	Staff Establishment.....	172
62.2	Lack of Procurement Plan	173
62.3	Non-Payment of License Fees.....	173
62.4	Inadequate Monitoring of Broadcasters	174
63.0	JUDICIARY	174
63.1	Inadequacies in Judiciary Infrastructure Structure	174
63.2	Weaknesses in Managing Third Party Accounts - Unexplained Account Balances ..	175
63.3	Weaknesses in Managing the Sheriff’s Office of Zambia.....	175
63.4	Weaknesses in Managing Construction Project – Matero II Local Court.....	176
63.5	Matero I Local Court – Physical Inspection.....	177
64.0	KWAME NKRUMAH UNIVERSITY	177
64.1	Delays in Appointing Key Management Positions.....	177
64.2	Lack of Strategic Plan.....	178
64.3	Failure to Prepare Financial Reports	178
64.4	Unsupported Payments.....	178
64.5	Unretired Accountable Imprest	179
64.6	Unaccounted for Fuel	179
64.7	Lack of Title Deeds	180
64.8	Weaknesses in Management Information Systems	180
65.0	LUKANGA WATER AND SEWERAGE COMPANY LIMITED.....	180

65.1	Failure to Amend Articles of Association	180
65.2	Financial Performance – Statement of Comprehensive Income	181
65.3	Financial Position – Statement of Financial Position.....	181
65.4	Non - Current Assets	183
65.5	Irregularities in Revenue Collection.....	183
65.6	Non Payment of Statutory Obligations.....	184
65.7	Capital Projects.....	185
65.8	Review of Technical Operations	185
65.9	Weaknesses in Management Information Systems	187
65.10	Irregularities in Billing Systems Administration.....	187
66.0	MULUNGUSHI UNIVERSITY	188
66.1	Unexplained Transactions on the Bank Reconciliation Statement.....	188
66.2	Non-Remittance of Statutory Contributions.....	189
66.3	Financial Performance - Statement of Comprehensive Income	189
66.4	Financial Position – Statement of Financial Position.....	190
66.5	Statement of Cash Flows - Failure to Invest Excess Cash Balances in Financial or Money Markets	191
66.6	Operating a Water Supply Plant without NWASCO Licence	191
66.7	Civil Works.....	192
67.8	Failure to Update Bin Cards	194
67.9	Unaccounted for Stores	195
67.10	Procurement of Goods and Services.....	195
68.0	THE MULUNGUSHI VILLAGE COMPLEX	196
68.1	Review of Management of Information Systems	196
68.2	Lack of Risk Management System.....	197
68.3	Financial Performance – Statements of Profit and Loss and Other Comprehensive Income	198
68.4	Financial Position - Statements of Financial Position	200
68.5	Failure to Collect Rentals from Government	201
68.6	Inadequate Staffing Levels	202
68.7	Non Payment of Statutory Contributions	202
68.8	Failure to Settle Internal Frozen Terminal Benefits	202
68.9	Failure to Rehabilitate and Maintain Investment Property.....	203
69.0	THE NATIONAL HOUSING AUTHORITY	203
69.1	Failure to Produce Audited Financial Statements	203
69.2	Weaknesses in Recruitment and Removal of the Chief Executive Officer	204
69.3	Financial Performance – Statement of Comprehensive Incomes.....	204
69.4	Financial Performance – Statement of Financial Position.....	206
69.5	Statement of Cash flow - Negative Cash flows from Operating Activities.....	207
69.6	Weaknesses in Managing the North Gate Gardens, Ben Mwiinga and Ibex Hill Projects	208
69.7	Lack of Assets Management Policy	210
69.8	Non-Remittance of Statutory Contributions.....	210

69.9	Site Visits – Weaknesses in the Management of Investment Properties	210
70.0	NITROGEN CHEMICALS OF ZAMBIA (NCZ)	211
70.1	Failure to Fill the Position of Chief Finance Officer	211
70.2	Lack of Audit Committee	211
70.3	Questionable Leave Commutation Payment	212
70.4	Failure to Maintain a Register of Accountable Documents	212
70.5	Non Payment of Statutory Contributions	212
70.6	Weakness in the Collection of Receivables.....	213
70.7	Questionable Fertiliser Sales	213
70.8	Supply of Fertiliser – Mumbwa District Farmers Association.....	213
70.9	Failure to Supply – Braithweit Investments Zambia	214
70.10	Questionable Payments.....	214
70.11	Irregular Transaction - Maluba M. Trading.....	215
70.12	Unsupported Payments	215
70.13	Missing Payment Vouchers	216
70.14	Wasteful Expenditure – K258, 640	216
70.15	Lack of Approved NCZ Procurement Manual	216
70.16	Non Delivery of Conveyor Belt.....	217
70.17	Fertiliser Production and Management.....	217
70.18	Management of Plant, Equipment, Machinery and Assets.....	219
71.0	SOUTHERN WATER AND SEWERAGE COMPANY LIMITED	224
71.1	Financial Performance – Statement of Comprehensive Income	224
71.2	Company Financial Position.....	225
71.3	Comparative Performance in the Water and Sanitation Sector	226
71.4	Questionable Acquisition of a House	227
71.5	Failure to Remit Withholding Tax.....	227
71.6	Failure to Pass Title of Assets to SWSC	228
72.0	THE TANZANIA ZAMBIA RAILWAY AUTHORITY (TAZARA)	228
72.1	Failure to Provide Audited Financial Statements	228
72.2	Operating Losses - Financial Performance.....	229
72.3	Statement of Financial Position	229
72.4	Inadequate Locomotives.....	231
72.5	Management of Construction Contracts	232
72.6	Management of Property and Infrastructure.....	234
72.7	Weakness in the Operations at Mununga Quarry Plant.....	236
72.8	Lack of Collective Agreement.....	237
72.9	Failure to Remit Statutory Contributions	237
73.0	TOBACCO BOARD OF ZAMBIA.....	238
73.1	Failure to Submit Annual Reports	238
73.2	Financial Performance – Income Statement - Operating Expenses as a Percentage of Revenue.....	238
73.3	Statement of Financial Positions as at 31st December 2013, 2014 and 2015	238

73.4	Lack of Assets Management Policy	239
73.5	Failure to Recover GRZ and TBZ Outgrower Loans	239
74.0	WATER RESOURCES MANAGEMENT AUTHORITY (WARMA).....	240
74.1	Inadequate Staffing.....	240
74.2	Irregular Procurement of a Motor Vehicle	240
74.3	Non Transmission of Data by River Gauge Stations.....	240
74.4	Receivables Management	241
74.5	Failure to Utilise Water Vessels	241
76.0	ZAMBIA FORESTRY AND FOREST INDUSTRIES CORPORATION LIMITED (ZAFFICO)	242
76.1	Income	242
76.2	Strategic Planning – Lack of Performance Indicators and Targets	242
76.3	Failure to Convene Annual General Meetings	243
76.4	Weaknesses in the Operations of the Board	243
76.5	Failure to adhere to the Annual Allowable Cut (AAC) - PINE.....	244
76.6	Financial Performance - Statement of Comprehensive Income for the Financial Periods 1 st April 2012 to 31 st December 2015	244
76.7	The Statement of Financial Position for the Corporation for the years under review	245
76.8	Lack of Title Deeds	245
76.9	Failure to Register Assets with RTSA.....	245
76.10	Lack of Assets Management Policy	246
76.11	Lack of a Documented Risk Management Policy	246
76.12	Lack of a Debt Management Policy	246
76.13	Inadequately Supported Payments.....	247
76.14	Unretired Accountable Imprest	247
76.15	Unaccounted for Stores	248
77.0	ZAMBIA REVENUE AUTHORITY (ZRA)	248
77.1	Lack of Title Deeds - Non-Current Assets	248
77.2	Unsupported Payments – Livingstone Station.....	248
78.0	THE ZAMBIA WILDLIFE AUTHORITY (ZAWA)	249
78.1	Funding.....	249
78.2	Delay in Putting Employees on the Government Payroll.....	249
78.3	Questionable Presence of a South African Company in Lusaka National Park.....	250
78.4	Undelivered Materials K87, 260	250
78.5	Failure to Collect Debt from Tour Operators	250
78.6	Inadequately Supported Payments K986, 999.....	251
79.0	ZSIC GROUP OF COMPANIES	251
79.1	Financial Performance - Statement of Comprehensive Income	251
79.2	Financial Position	252
79.3	Wasteful Expenditure – K232, 000	254
79.4	Unsupported Subsistence Claims – K39, 450	255

79.5	Procurement of Goods, Works and Services – K177,527	255
80.0	Conclusion	256
APPENDIX I		257
	Analysis of Closed and Outstanding Issues for the Financial Year Ended 2012.....	257
APPENDIX II.....		258
	Analysis of Closed and Outstanding Issues for the Financial Year Ended 2013.....	258
APPENDIX III.....		259
	Analysis of Closed and Outstanding Issues for the Financial Year Ended 2015.....	259

REPORT OF THE COMMITTEE ON PARASTATAL BODIES ON OUTSTANDING ISSUES ARISING FROM THE REPORTS OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORTS OF THE AUDITOR GENERAL ON THE ACCOUNTS OF PARASTATAL BODIES AND OTHER STATUTORY INSTITUTIONS FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2012, 2013 AND 2015

1.0 Membership of the Committee

The Committee consisted of Mr P M W Daka, MP (Chairperson); Ms P C Mwashingwele, MP (Vice Chairperson); Ms M Lubezhi, MP; Mr A Kasandwe, MP; Mr G Chiyalika, MP; Mr M L Kafwaya, MP; Mr D Syakalima, MP; Mr B Kambita, MP; Ms J C M Phiri, MP and Mr M Mukumbuta, MP.

The membership of the Committee changed following the appointment of Mr M L Kafwaya, MP as a Cabinet Minister. He was replaced by Mr G Putu, MP. Further, Ms M Lubezhi, MP, and Mr M Mukumbuta, MP were appointed to serve on other Committees. They were replaced by Mr E K Belemu, MP, and Ms P Kasune, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir

The Committee has the honour to present its Report for the Third Session of the Twelfth National Assembly.

2.0 Functions of the Committee

The Committee is a portfolio Committee mandated to play an oversight role on all State owned enterprises (SOEs). In accordance with Standing Order No 157(2); the functions of the Committee are to:

- i) study, report and make appropriate recommendations to the Government, through the House, on the mandate, management and operations of the Government ministries, Departments and/or agencies under its portfolio;
- ii) carry out detailed scrutiny of certain activities being undertaken by the Government ministries, Departments and/or agencies under its portfolio and make appropriate recommendations to the House for ultimate consideration by the Government;
- iii) make, if considered necessary, recommendations to the Government on the need to review certain policies and certain existing legislation;
- iv) examine annual reports of Government ministries and Departments under its portfolio in the context of the autonomy and efficiency of Government ministries and Departments and determine whether the affairs of the said bodies were being managed according to relevant Acts of Parliament, established regulations, rules and general orders;

- v) consider any Bills that may be referred to it by the House;
- vi) consider international agreements and treaties in accordance with Article 63 of the Constitution;
- vii) consider special audit reports referred to it by the Speaker or an Order of the House;
- viii) where appropriate, hold public hearings on a matter under its consideration; and
- ix) consider any matter referred to it by the Speaker or an Order of the House.

3.0 Meetings of the Committee

The Committee held six meetings to consider the Treasury Minutes arising from the Reports of the Public Accounts Committee on the Reports of the Auditor for the Financial Years Ended 31st December 2012, 2013 and 2015. The Committee held the meetings in sub-committees of the Committee on Parastatal Bodies and adopted the Reports as a full Committee.

4.0 Programme of Work

According to its approved Programme of Work, the Committee was to undertake the following:

- i) Consideration of Treasury Minutes on the Report of the Public Accounts Committee for the Fourth Session of the Eleventh National Assembly on the Report of the Auditor General on the Accounts of Parastatal Bodies and Other Statutory Institutions for the Financial Years Ended 31st December, 2012 and 2013; and on the Report of the Public Accounts Committee for the First Session of the Twelfth National Assembly on the Report of the Auditor General on the Accounts of Parastatal Bodies and Other Statutory Institutions for the Financial Year Ended 31st December, 2015.

5.0 Arrangement of the Report

The Report is organised in three parts: Part I,II and III in which the Committee presents its recommendations on the outstanding issues arising from the Reports of the Public Accounts Committee on the Reports of the Auditor General's Reports for the Financial Years Ended 31st December, 2012, 2013 and 2015 respectively.

6.0 Procedure adopted by the Committee

The Committee requested detailed status reports from the Ministry of Finance and further reviewed the Treasury Minutes for the respective financial years by taking into consideration verification reports from the Auditor General.

PART I

Recommendations of the Committee on Parastatal Bodies Arising from the Report of the Public Accounts Committee for the Fourth Session of the Eleventh National Assembly Appointed by the Resolution of the House on Friday, 26th September, 2014 on the Report of the Auditor General on the Accounts of the Parastatal Bodies and other Statutory Institutions for the Financial Year ended 31st December, 2012

7.0 Introduction

The Treasury Minute on the Report of the Public Accounts Committee for the Fourth Session of the Eleventh National Assembly contained the Audit Queries raised by the Auditor General, observations and recommendations of the Public Accounts Committee (PAC) and comments and responses of the Ministry of Finance on the report of the Public Accounts Committee on the Report of the Auditor General on the Accounts of the Parastatal Bodies and Other Statutory Institutions for the Financial Year Ended 31st December, 2012 which was adopted on 11th December, 2014.

References on the right hand margin relate to paragraphs of the Public Accounts Committee's Report, while those on the left refer to paragraphs of the Auditor General's Report.

Auditor General's Comment on the Report

The Auditor General reported that, the Report on the accounts of selected Parastatal Bodies and other Government funded Institutions for the Financial Year ended 31st December, 2012 was submitted to the President for tabling in the National Assembly in accordance with the provisions of the Constitution of Zambia and the Public Audit Act CAP 378 of the Laws of Zambia.

Response by the Secretary to the Treasury before the Public Accounts Committee

The Secretary to the Treasury acknowledged that the audit of accounts of the nineteen (19) Parastatal Bodies was done within the provisions of the Constitution of Zambia and the Public Audit Act CAP 378 of the Laws of Zambia.

8.0 Scope of Audit

The report was as a result of a programme of test checks and reviews of audited accounts of selected Organisations for the Financial Years up to 31st December, 2012. In preparing the Report, draft paragraphs were sent to the Controlling Officers of the affected Organisations for comments and confirmations of the correctness of the facts presented. Where comments were received and varied materially with the facts presented, the paragraphs were amended accordingly.

Response by the Secretary to the Treasury before the Public Accounts Committee

The Secretary to the Treasury stated that the Scope of audit used by the Auditor General was appreciated as she undertook test checks and reviews of accounts of the year ending 31st December, 2012 of the nineteen (19) selected Parastatal Organisations.

9.0 Internal Control

Auditor General's Comment on Internal Control

In this Report, specific mention was made of non-preparation of Financial Statements, failure to remit statutory contributions, weaknesses in procurement procedures, unaccounted for funds, irregular payments and poor financial performance by the respective Organisations. These were clear indicators of Internal Control lapses in most of the Parastatal and Statutory Organisations.

Response by the Secretary to the Treasury before the Public Accounts Committee

The Secretary to the Treasury reported that there had been a significant improvement in this area for a number of Parastatals since the 2012 Audit by the Auditor-General. The Secretary to the Treasury, however, noted that the specific weaknesses identified were a clear indication of lapses in Internal Controls in most of the State Owned Enterprises (SOEs) which was expected to be resolved with the establishment of the Industrial Development Corporation (IDC).

10.0 Paragraph 4 - Statutory Bodies that had not Submitted Audited Financial Statements

There were twenty one (21) Statutory and Parastatal Bodies that had not produced audited Financial Statements on the accounts for the Financial Year ended 31st December, 2012.

Statutory Body
Coffee Board of Zambia
Cotton Board of Zambia
Food Reserve Agency
Livestock Development Trust
Cotton Development Trust
Nitrogen Chemicals of Zambia
Mpulungu Harbour
Citizens Economic Empowerment Commission
Zambia Environmental Management Agency
National Housing Authority
Timesprint Pak
Zambia National Broadcasting Corporation
Zambia Printing Company
Zambia Institute of Mass Communication Trust
Hotel and Tourism and Training Institute
Zambia Postal Services Corporation
Mukuba Hotel
Development Bank of Zambia
ZAMCAPITAL
Lusaka Trust Hospital
Zambia Education Publishing House

Response by the Secretary to the Treasury before the Public Accounts Committee on Statutory Bodies that had not Submitted Audited Financial Statements

The Secretary to the Treasury submitted on each one of the Institutions that were cited for not preparing annual Financial Statements as set out below:

10.1 Coffee Board of Zambia

The previous Committee urged Secretary to the Treasury to consider recapitalising the Institution so as to improve its financial position and to address the issue of arrears owed to the Auditors. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Controlling Officer complied with the Committee's directive to address the issue of the outstanding Audit Fees to resolve the matter.

Committee's Observations and Recommendations

The Committee noted the response and urges the Treasury to expedite the resolution of this matter and will await a progress report.

10.2 Cotton Development Trust

The previous Committee urged the Secretary to the Treasury to seriously look into recapitalising the Institution and also to ensure that Staff matters were addressed expeditiously. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Controlling Officer complied with the Committee's directive to address the Staff matters by ensuring that a full Management Team was put in place.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the matter.

10.3 Nitrogen Chemicals of Zambia (NCZ)

The previous Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Board appointed new Auditors.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the matter.

11.0 Paragraph 5-General Findings

11.1 Lack of Strategic Plans

The previous Committee urged the Secretary to the Treasury to impress upon all Controlling Officers to ensure that all Parastatal Bodies under their jurisdiction draw up Strategic Plans to guide them in all policy directions they would undertake.

Treasury Response

The Treasury submitted that the matter was noted for compliance and Government through the Treasury and Cabinet Office had since established the Industrial Development Corporation (IDC) which had a mandate to regulate and formulate policies of Parastatal Corporate Governance and Industrial Development in new Sectors that needed investment to stimulate economic growth by ensuring that all Parastatals under their jurisdiction draw up Strategic Plans.

Committee's Observations and Recommendations

The Committee notes the response and resolves not to close the matter and will await submission of strategic plans by all parastatals under IDC.

11.2 Poor management of Contracts

The previous Committee directed that cases bordering on abuse of office and corruption should be promptly reported to the Investigative Wings.

Treasury Response

The Treasury submitted that the matter was noted for compliance and guidelines on the management of Contracts shall be drawn and availed to all Controlling Officers and Chief Executive Officers.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and strongly urges the Treasury to ensure corruption issues are expeditiously resolved.

11.3 Failure to constitute Board of Directors

The previous Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was noted for compliance and monitoring of tenure of office for Board of Directors will be enhanced through Investment and Debt Management (IDM) department and the established Industrial Development Corporation (IDC).

Committee's Observations and Recommendations

The Committee notes the response and resolves not to close the matter and will await audit verification that Boards of directors were constituted in all parastatals under IDC and an update if all Acts that created parastatals falling under IDC have been repealed.

11.4 Poor financial performance

The previous Committee urged the Secretary to the Treasury to expeditiously address the matter.

Treasury Response

The Treasury submitted that the matter was noted for compliance and monitoring of the operations of the Board of Directors and Management will be enhanced through Investment and Debt Management (IDM) department and the established Industrial Development Corporation (IDC).

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the financial performance of parastatals under IDC.

11.5 Poor infrastructure management

The previous Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was noted for compliance and the Treasury had since commenced a programme to review and evaluate all Assets of Parastatal Bodies before recapitalisation and that progress would be availed to the Committee.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

11.6 Poor management of Loans and Advances

The previous Committee urged the Secretary to the Treasury to take drastic steps in ensuring that the practice was stopped without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was noted for compliance and monitoring of the operations of the Board of Directors and Management will be enhanced through Investment and Debt Management (IDM) department and the established Industrial Development Corporation (IDC).

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

11.7 Questionable investments

The previous Committee directed that all investment ventures should be approved by the Board of Directors. The Secretary to the Treasury was urged to ensure that, at all times, investments were scrutinised to ensure that they were in the best interest of the Institutions and the Nation.

Treasury Response

The Treasury submitted that the matter was noted for compliance and monitoring of the operations of the Board of Directors and Management would be enhanced through Investment and Debt Management (IDM) department and the established Industrial Development Corporation (IDC).

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

12.0 Other General Irregularities

i) Non remittance of Statutory contributions

In noting the submission, the previous Committee impressed upon the Secretary to the Treasury to find a more lasting solution to the problem. It was the Committee's considered view that while Debt swap was being used as one of the options, recapitalisation was a better option to combat the problem completely. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was noted for compliance and a review of the Statement of Financial Position of each Parastatal would be undertaken as this will enable the office of the Treasury to ascertain the outstanding statutory obligation Debts in order to draw up a comprehensive plan to liquidate the Debt before recapitalisation.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Failure to Collect Revenue

The previous Committee urged the Secretary to the Treasury to work with the Institutions that had been experiencing liquidity problems and were failing to collect revenue so as to find a lasting solution to the matter. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was noted for compliance and the Treasury would endeavour to review the Financial Management Systems of Parastatal Bodies to enhance revenue collections.

Committee's Observations and Recommendations

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

iii) Irregular payments

The previous Committee urged the Secretary to the Treasury to ensure that Public Funds were safeguarded and expressed dismay that no action had been taken so far despite several promises made to the Committee in previous years that a lasting solution will be implemented. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was noted for compliance and Government had since established the Industrial Development Corporation (IDC) to enhance its supervisory role over all Parastatals incorporated under the Companies Act and the Banking and Financial Services Act to address this short coming and safe guard Public Resources.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await a progress report on the matter.

iv) Unaccounted for Funds

The previous Committee urged the Secretary to the Treasury to ensure that drastic steps were taken to curb the irregularity considering that the irregularity had been unresolved for a long time. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was noted for compliance and Government had since established the Industrial Development Corporation (IDC) to enhance its supervisory role over all Parastatals incorporated under the Companies Act and the Banking and Financial Services Act to address this short coming and safe guard Public Resources.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await a progress report.

v) Unretired Imprest

In noting the submission, the Committee encouraged the Secretary to the Treasury to proceed with the harmonisation of Parastatal Bodies Financial Regulations and Government regulations to help standardise the systems. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was noted and considered closed by the Committee and urged the Auditor General to keep the harmonisation of the Parastatal Financial Regulations with the Government Financial Regulations of 2006 in view during future audits.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await a progress report.

vi) Missing payment vouchers

The previous Committee urged the Secretary to the Treasury to ensure that erring Officers were disciplined. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was noted for compliance and the Treasury will follow up on the action taken by the Controlling Officers against erring Officers who failed to secure the Payment Vouchers. Progress will be availed to the Committee.

Committee's Observations and Recommendations

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

xi) Over payments to Contractors

The previous Committee urged the Secretary to the Treasury to engage Boards of Parastatal Bodies on this matter and discuss the way forward in ensuring that the irregularity was curbed. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was noted for compliance and the Treasury will follow up on the action taken by the Controlling Officers against erring Officers who failed to secure Public Funds. Progress will be availed to the Committee.

Committee's Observations and Recommendations

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

Paragraph 5

Paragraph 7

13.0 CITIZENS ECONOMIC EMPOWERMENT COMMISSION

13.1 Secretariat

i) Un-Retired Imprest – K142,794,991

The previous Committee urged the Controlling Officer to ensure that imprest was managed in accordance with Financial Regulations, to take disciplinary action against the Officers responsible for the anomaly and to ensure that the imprest was retired in full and documents availed for audit verification. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the imprest amounting to K142,794,991 was recovered from the affected Officers and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter, and will await audit verification that deductions have been instituted against erring officers.

ii) In-Adequately Supported Payments

The previous Committee urged the Controlling Officer to take disciplinary action against the Officers concerned as it was the Committee's considered view that the query was as a result of negligence. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the payments were supported and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

iii) Un-Acquitted Payments – K49,554,160

The previous Committee urged the Controlling Officer to take disciplinary action against the Officers responsible for the anomaly and expressed concern that payments totalling K49,554,160 were un-acquitted, for no valid reason. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the payments were acquitted and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

iv) Unaccounted for Stores

The previous Committee directed the Controlling Officer to ensure that Management of CEEC should find the missing stores details without further delay as in the absence of the receipts and disposal details, it was not possible for the Auditor General to ascertain whether the goods were received and whether they were used for the intended purposes. The Committee further urged the Controlling Officer to ensure that there was strict adherence to the Stores Regulations at the Commission and resolved not to close the matter until the missing stores details were found and availed for audit verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the missing receipts and disposal details were traced and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

13.2 Empowerment Fund

i) Unreconciled Loan Recoveries

The previous Committee strongly urged the Controlling Officer to ensure that the matter was resolved without further delay and that going forward the Management of CEEC should put in place measures to identify loan recovery deposits that will enable the Commission to be able to make follow ups on Loan repayments. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until CEEC Management put in place measures to identify Loan recovery deposits and reconcile them with the loan beneficiaries.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Site Visits to CEEC Sponsored Business Entities

The previous Committee resolved to await a progress report on the matter and further urged the Controlling officer to ensure that the Commission desist from relying on outside expertise which was too costly to the Fund but instead take advantage of the qualified personnel available in the Commission, in various fields so as to curb the weaknesses that had continued to manifest in the management of the Fund as failure to do so, entailed that the Fund would fail to meet the intended purpose.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the commission had concluded the cleaning up exercise of the Loan Management Systems.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 6

Paragraph 8

14.0 ELECTORAL COMMISSION OF ZAMBIA

14.1 Accounting and Other Irregularities –Electoral Commission of Zambia

An examination of accounting and other records maintained at the Headquarters and selected Districts for the Financial Year ended 31st December, 2012 carried out in October, 2013 revealed the following:

a. Irregular Disposal of Motor Vehicles

The previous Committee resolved to seek a Legal opinion from the Office of the Attorney General and a response was being awaited.

Treasury Response

In response the Treasury submitted that the matter had been noted and the Treasury would await the Attorney General's Legal opinion.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

b. Irregular Payment of Both Non-Practice and Retention Allowance

The previous Committee had sought a legal opinion from the Attorney General and a response was being awaited.

Treasury Response

In response the Treasury submitted that the matter had been noted and the Treasury would await the Attorney General's legal opinion.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

c. Failure to Deduct Tax on Allowances

The previous Committee urged the Controlling Officer to ensure that Tax which was not paid by the employees was deducted and paid to correct the situation. The Committee

directed that all Officers should be made aware of their Tax obligations and that statutory obligations should not be treated with exemptions. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the statutory obligations were liquidated.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await a progress report.

Paragraph 7

Paragraph 9

15.0 THE JUDICIARY

15.1 Unaccounted for Fuel

The previous Committee cautioned the Controlling officer to take matters of accountability seriously and urged him to ensure that disciplinary action was instituted against erring Officers. The matter was recommended for closure subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the receipt and disposal details were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

15.2 Un-Acquitted Overtime Allowance Payments

The previous Committee urged the Controlling officer to ensure that disciplinary action was instituted against erring Officers and cautioned him to take matters of accountability seriously. The matter was recommended for closure subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the acquittal sheets were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

15.3 Inadequately Supported Payments

The previous Committee cautioned the Controlling Officer to take matters of accountability seriously and urged him to ensure that disciplinary action was instituted against erring Officers. The matter was recommended for closure subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the supporting documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

16.4 Unretired Imprest

The previous Committee sternly cautioned the Controlling Officer for failure to adhere to Financial Regulations on retirement of imprest and urged him to ensure that all erring Officers were disciplined accordingly for the lapse to deter others. The matter was, however, recommended for closure subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the imprest was recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

16.5 Irregular Payment of Salaries and Allowances

The previous Committee urged the Controlling officer to ensure that erring Officers were disciplined for the lapse, all recoveries were made without any further delay and to ensure that Internal Controls were strengthened. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the overpaid salaries and Allowances were recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await audit verification.

16.6 Failure to Deliver Projects on Time

The previous Committee sternly cautioned the Controlling Officer to desist from taking a casual approach when dealing with matters of accountability and did not accept the response by the Controlling Officer. The Committee resolved to await a progress report on the matter.

Treasury Response

The matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the works were completed.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

16.7 Poor Workmanship

The previous Committee recommended that:

- i) Client Ministries, Provinces and Spending Agencies (MPSAs) had to ensure that funds meant for Monitoring and Evaluation (M&E) were spent on the intended purpose, and the two Controlling Officers were urged to work hand in hand in seeing to it that Projects were monitored, supervised and evaluated accordingly to avoid recurrence;
- ii) The MPSAs had to ensure that all construction Projects' budgets were sufficient and were to include a component of Monitoring and Evaluation (M&E) to ensure that Projects were fully monitored;
- iii) The office of the Provincial Buildings Engineer had be capacitated in order to equip them in ensuring that all Projects under its supervision were supervised to avoid poor workmanship;
- iv) The Controlling Officer of the Ministry of Transport Works Supply and Communication was specifically urged to ensure that his Officers were disciplined for issuing Certificates of completion of work that were questionable as the works were not thoroughly done in some cases in the construction of Local and Urban Courts; and

- v) The Controlling Officers had to ensure that wherever possible, liquidated damages were claimed from the Contractors.

The Committee resolved to await a progress report on the outstanding works and claims.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the works were completed.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

16.8 Questionable Payment of Retention Funds – Mulobezi Rural Local Court

The previous Committee recommended that the matter be reported to Law Enforcement Agencies for further investigations. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Controlling Officer complied with the Committee's recommendations to report the matter to the Law Enforcement Agencies.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 8

Paragraph 10

17.0 MULUNGUSHI UNIVERSITY

17.1 Non-Remittance of Statutory Contributions

The previous Committee urged the Controlling Officer to engage the Secretary to the Treasury in a bid to find a lasting solution in respect of non-remittance of statutory contributions as it would continue to suffer penalties from the concerned Institutions, and further urged the University Management to engage Zambia Revenue authority (ZRA) with a view of coming up with a flexible payment plan. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the unpaid statutory obligation were liquidated and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

17.2 Lack of Title Deed for Water Works Land

The previous Committee urged the Controlling Officer to ensure that the title for the land in question was obtained without further delay in order to avert encroachment on the said land. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Title was obtained for the land in question and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

17.3 Inadequately Supported Payments

The previous Committee urged the Controlling Officer to take disciplinary action against the Officers who failed to ensure that payments were adequately supported in accordance with Financial Regulations and resolved to await a progress report on the matter.

Treasury Response

The matter was verified by the Office of the Auditor General and recommended that it remained outstanding until supporting documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

17.4 Failure to carry out an Environmental Impact Assessment

The previous Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Operational Certificate from the Zambia Environmental Management Agency (ZEMA) was obtained as required by law.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 9

Paragraph 11

18.0 UNIVERSITY OF ZAMBIA

18.1 Financial Position - Statement of Financial Position

i) Liquidity

The previous Committee recommended that the Government should come to the aide of the Institution to resolve the funding challenges which the University was facing. The Committee was of the view that the funding assumptions had failed and needed to be reviewed to come up with a lasting solution to the matter. The Committee resolved to await a progress report on the successful resolution of the matter.

Treasury Response

In response, the Treasury submitted that the matter was noted and considered closed and urged the Auditor General to keep in view during future audits, the matter on the funding challenges facing Public Universities.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and urges the Auditor General to keep the matter in view in future audits.

18.2 Missing Receipt Books

The previous Committee urged the Controlling Officer to take disciplinary action against the Officers to whom the receipt books were issued as misplacement of receipt books had nothing to do with the availability or otherwise of Accounting Officers. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Receipt Books were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

18.3 Missing Payment Vouchers

The previous Committee directed the Controlling Officer to ensure that the missing payment vouchers were traced and availed for audit verification and was concerned with the lack of seriousness exhibited by both the Controlling Officer and the University Management in addressing the matter. The Committee was particularly concerned at the Controlling Officer's failure to explain what exactly transpired. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the payment vouchers were traced and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

18.4 Inadequately Supported Payments

The previous Committee urged the Controlling Officer to take disciplinary action against the Accounting Officers responsible for the anomaly and the poor management of accounting documents at the University despite having qualified Accounting Staff. The Committee also urged the Controlling Officer to ensure that all the missing supporting documents were traced and availed for audit verification and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the supporting documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

18.5 Unretired Imprest

In noting the submission, the Committee urged the Controlling Officer to ensure that all the outstanding imprest was retired and the erring Officers were disciplined in accordance with Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor

General and recommended that it remained outstanding until all the imprest was recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

18.6 Used Receipts without Details – School of Law

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The matter was noted and considered closed.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will wait for audit verification.

18.7 Irregular Payment of Allowances

The previous Committee urged the Controlling Officer to avail the authority from the Council as proof that the payment of the allowances was authorized as in the absence of the authority; the allowances would be recovered from the Officers concerned. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the office of the Auditor General and recommended that it remained outstanding until the authority from the Council as proof that the payment of the allowances was authorised was availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

18.8 Unaccounted for Stores - School of Medicine

The previous Committee urged the Controlling Officer to take disciplinary action against the Officers responsible for the omission. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the office of the Auditor General and recommended that it remained outstanding until the receipt and disposal details were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 10

Paragraph 12

19.0 ZAMNET COMMUNICATION SYSTEMS LTD

19.1 Financial Performance –Income Statement

i) Failure to Make Profits

The previous Committee resolved to await a progress report following the assurances made by the Controlling Officer that measures had been put in place to make the Company profitable. The Committee further urged the Company to take advantage of the industry it operated within and become competitive.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Company uplifts its income to attain Profits.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

19.2 Financial Position – Statement of Financial Position

i) Failure to Collect Receivables

The previous Committee urged the Controlling Officer to ensure that the Management of the Company devised and adopted more aggressive measures to collect the Debt especially that the company was owed so much money and was facing financial constraints. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the Debts were collected and

details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Increase in Provisions for Impairment Losses of Receivables

The previous Committee recommended that the Management should come up with measures to collect the Debt in order to improve the liquidity ratio of the Company as opposed to being preoccupied with making provisions for the impairments instead. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the Debts were collected and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 11

Paragraph 13

20.0 TIMES PRINTPAK ZAMBIA LIMITED

20.1 Failure to Remit Loan Scheme Repayments Deducted from Employees

The previous Committee urged Management to urgently put in place measures to resolve the matter and found it erroneous that apart from Management assuming the responsibility of making recoveries of the said Loans instead of doing so through the individual Officers' accounts, despite making recoveries from the employees, these were not remitted to the Bank. The Committee resolves to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until measures to resolve the matter were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

20.2 Procurement of the Printing Machine Using a Loan

The previous Committee urged the Controlling Officer to engage the Secretary to the Treasury regarding extra funding to repay the Loans. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Loan was liquidated and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

20.3 Unretired Imprest K 42,343,764

The previous Committee urged the Controlling Officer to take appropriate disciplinary action against responsible Officers, who failed to avail to auditors the documents at the time of audit due to the misplacement. The Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until details for the retired imprest were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

20.4 Missing Payment Vouchers

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the traced Vouchers were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

20.5 Inadequately Supported Payments

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the supported payments were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 12

Paragraph 14

21.0 EASTERN WATER AND SEWERAGE COMPANY (EWSC)

21.1 Lack of an IT Strategic Plan

The previous Committee cautioned the Controlling Officer against failure to adhere to good standard practices in the IT sector; it was the considered view of the Committee that the business plan was merely a marketing document meant for marketing purposes whilst an IT strategic plan was an internal document specifically meant for Internal Controls in the IT Department. The matter was, however, recommended for closure subject to audit verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until an IT strategic plan one which was in conformity with CoBIT PO1.4 had been put in place and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

21.2 Irregularities in Asyst Billing System

A review of the System Implementation document and an examination of the Asyst Billing System revealed the following weaknesses:

i) Lack of Data Integrity

An analysis of data on the Asyst Billing System revealed the issues as set below.

a) Failure to Capture Meter Numbers for Metered Customers (4,366)

The previous Committee urged the Controlling Officer to ensure that all meter numbers were captured in the system for easy accountability. The Committee resolved to close the matter subject to audit verification.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the remaining Customers were metered and captured into the billing system.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

b) Customers with Duplicate Meter Numbers

The previous Committee urged the Controlling Officer to undertake periodic reviews and monitoring of the utility Companies so as enable the water utility Company to be able to detect and rectify the anomaly owing to the fact that Customers could have been made to pay inflated bills. The Committee urged the Controlling Officer to caution the Management against the lapse and resolved to close the matter subject to audit verification.

Treasury Response

The matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Customers with duplicate numbers were cleared.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

c) Customers with Incomplete Records on the System

The previous Committee urged the Controlling Officer to closely monitor the utility Company operations. The Committee resolved to close the matter subject to audit verification.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the completed records were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

21.3 Financial Position

i) Weakness in Management of Receivables

The previous Committee urged the Controlling Officer to ensure that weaknesses in Debt collection systems were addressed without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Debt collection systems were enhanced and receivables increased to address liquidity of the Company.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

21.4 Cash Flows

i) Negative Cash Flow from Operating Activities

The previous Committee urged the Controlling Officer to help the utility Company improve its income generating ventures and as much as possible reduce its administrative costs. The Committee resolved to await a progress report.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the administrative costs were reduced to acceptable levels.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Overdependence on Grants

The previous Committee urged the Controlling Officer to help the utility Company to improve its income generating ventures and as much as possible reduce its administrative costs to relieve its overdependence on Government and donor aided grants. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the liquidity position was improved and the Company reduced its dependence on Government and Donor Aided Grants.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

21.5 Un-Accounted for Water

The previous Committee urged the Controlling Officer to consider recapitalising the infrastructure of the utility companies to reduce revenue losses in the water distribution system. The Controlling Officer was implored to use all available options to reduce unaccounted for water to less than twenty five percent as per requirement. The Committee resolved to await a progress report.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Company recapitalised its infrastructure to reduce water losses in the water distribution system.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

21.6 Failure to Remit Statutory Contributions

The previous Committee urged the Controlling Officer to consider a Debt swap with the Government on the outstanding statutory obligations owed by the utility Company and to ensure that all arrears on statutory contributions were paid without any further delay. The Committee resolved to await a progress report.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the unpaid statutory obligations were settled using all available means including Debt Swaps.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

21.7 Inadequately Supported Payments

In noting the submission, the Committee urged the Controlling Officer to institute disciplinary action on the erring Officers and recommended the matter for closure subject to audit verification.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the payments were supported and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 13

Paragraph 15

22.0 LUKANGA WATER AND SEWERAGE COMPANY LIMITED

22.1 Company Performance

i) Unaccounted for Water (Non-Revenue Water)

The previous Committee urged the Controlling Officer to impress upon the Secretary to the Treasury to consider recapitalisation in the area of infrastructure and expressed concern at the failure by the utility Company to curb the increased losses year by year in the distribution system of water, causing revenue losses.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Company had implemented an enhanced water distribution and sewer network system and the Controlling Officer had impressed on the Treasury to recapitalise and rehabilitate infrastructure to reduce water losses.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Low Service Coverage

The previous Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Company implemented an enhanced water distribution and sewer network system, the Controlling Officer impressed on the Treasury to recapitalise and rehabilitate infrastructure to increase service coverage.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

22.2 Financial Position

i) Poor Liquidity

The previous Committee urged the Controlling Officer to consider upgrading all Government serviced meters to a prepaid system to avoid the losses incurred year after year by some Government Institutions so as to curb debt accrual by Government departments, which were the major Debtors to the utility Company, and in turn liquidate their Debts. The Committee further urged the Controlling Officer to explore all available options to ensure that all Debts were paid. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Government Debt was liquidated and capped through the installation of prepaid meters.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Collection of Trade Receivables

The previous Committee cautioned the Controlling Officer to desist from advocating for Debt write off and also urged him to consider upgrading all Government serviced meters to prepaid system in order to avoid the incurred Debts year after year by some Government Institutions. The Committee further urged the Controlling Officer to explore all available options to ensure that all Debts were paid by Government departments, which were the major Debtors to the utility Company. The Committee resolved to await a progress report.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Government Debt was liquidated and capped through the installation of prepaid meters.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

22.3 Non Payment of Statutory Obligations

The previous Committee urged the Controlling Officer to consider a Debt swap in order to offset the statutory obligations owed by the utility Company and to liaise with the Secretary to the Treasury on how funding could be improved to help the utility Company improve its liquidity. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the unpaid statutory obligations were liquidated through all available options including Debt swaps.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

22.4 Revenue

i) Cancelled Receipts Wrongly Posted to Customer Accounts

The previous Committee resolved to await a progress report on the matter following the submission that the matter was before the court. The Committee expressed concern at the rationale behind the reversal of the receipts and why some Officers were dismissed even before the matter was concluded by both the Law Enforcement Agencies and the Courts. It was the Committees' considered view that the reversal could have been motivated by an attempt to cover up the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Courts of Law concluded the matter.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Failure to Avail Cancelled Receipts

The previous Committee directed the Controlling officer to avail documentary evidence to Auditors on the matter claimed to have been reported to the Police and expressed concern at the failure by the Controlling Officer to detect the lapses promptly and only waited for Auditors to unearth them. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Police concluded their investigations and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

22.5 Un-Acquitted Funds

The previous Committee urged the Controlling Officer to ensure that disciplinary action was taken against erring Officers for the lapse. The matter was, however, recommended for closure subject to audit verification.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the acquittal sheets were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

22.6 Inadequately Supported Payments

The previous Committee urged the Controlling Officer to ensure that disciplinary action was taken against erring Officers for this lapse. The matter was, however, recommended for closure subject to audit verification.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the supporting documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

22.7 Missing Payment Vouchers

The previous Committee recommended the matter for closure subject to audit verification.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the traced vouchers and Bank transfer letters were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 14

Paragraph 16

23.0 SOUTHERN WATER AND SEWERAGE COMPANY LIMITED (SWSC)

23.1 Financial Position

i) Trade and Other Receivables

The previous Committee urged the Controlling Officer to liaise with NWASCO to ensure that tariffs were feasible for the Company to operate efficiently and also to engage the Secretary to the Treasury on the need to recapitalise the Company especially in the area of infrastructure. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the revision of Water tariffs by NWASCO to enhance revenue collections by SWSCO and the eventual recapitalisation of all Water Utility Companies by the Treasury were implemented and would be kept in view during future audits.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

23.2 Unaccounted for Water

The previous Committee Urged the Controlling Officer to seriously take the matter of recapitalisation of the water distribution systems in the utility companies and also ensure that Management in the Company was impressed upon to ensure improved quality and hours of water supply. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the water distribution network systems in the utility companies to increase efficiency in accounting for pumped water and hours of supply was undertaken and the eventual recapitalisation of all Water Utility Companies by the Treasury were implemented.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

23.3 Un-Vouched Expenditure

i) Missing Payment Vouchers

The previous Committee urged the Controlling Officer to ensure that disciplinary action was meted against the erring Officers. The matter was, however, recommended for closure subject to audit verification.

Treasury Response

The matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the traced documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Inadequately Supported Payments

The previous Committee urged the Controlling officer to ensure that disciplinary action was meted against the erring Officers. The matter was, however, recommended for closure subject to audit verification.

Treasury Response

The matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the traced supporting documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

23.4 Unretired Imprest K 370,368,488

The previous Committee urged the Controlling Officer to take matters of financial accountability seriously and was directed to provide evidence that the former employees were being pursued to pay back the imprest without any further delay and that disciplinary action was taken against the erring Officers. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the unretired imprest was recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

23.5 Failure to Remit Statutory Contributions

The previous Committee urged the Controlling Officer to ensure that there was avoidance of future penalties and interest charges by dismantling all statutory obligations. The Committee further directed that documentary evidence be availed to auditors for verification and resolved to await a progress report.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the unpaid statutory contributions were liquidated and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

23.6 Unaccounted for Stores – Choma Regional Office

The previous Committee urged the Controlling Officer to ensure that stores and purchasing Officers were adhering to SWSC purchasing procedures and that all stores items were recorded accordingly in the books for control purposes. The matter was recommended for closure subject to audit verification.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the receipts and disposal details were availed for audit scrutiny.

Committee’s Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 15

Paragraph 17

24.0 INDENI PETROLEUM REFINERY COMPANY LIMITED

24.1 Irregularities in the Management of Information Communication Technology

i) Lack of IT Representation at the Policy Making Level

The previous Committee resolved to await a progress report following the submission that Management was underrating measures to resolve all IT related queries raised by the Auditor General.

Treasury Response

The Committee was informed that the matter was verified and resolved to leave it open by the Office of the Auditor General until such a time that the Board approved the Information Technology function to be represented at the Policy making level.

Committee’s Observations and Recommendations

The Committee resolves to await an update on the matter.

24.2 Undelivered Stores Items

a) KSB Pumps (SA) (Pty) Limited

The previous Committee resolved not to close the matter subject to audit verification and will keep it in view of future audits.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until some of the remaining materials which were erroneously allocated on order No. Pro-2011-00450 instead of Pro-2012-00487 were delivered.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

b) Nuovo Pignone Spa

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the equipment was delivered.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

24.3 Undelivered Equipment - Fired Heater Refurbishment

The previous Committee urged the Controlling Officer to ensure that the matter was expeditiously addressed and to implement the outstanding projects to avoid incurring wasteful expenditure and to ensure proper procurement procedures were implemented so as to ensure real time delivery of ordered equipment as opposed to the inordinate time it had taken. The Committee resolves to await a progress report.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the equipment was delivered.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

25.0 NITROGEN CHEMICALS OF ZAMBIA LIMITED

25.1 Weakness in the Collection of Receivables

The previous Committee urged the Controlling Officer to ensure that a credit policy was immediately put in place at the Company considering that the company had been operating without a credit policy which had resulted in huge sums of money not being collected, and to ensure that all receivables that were still outstanding were collected without further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all receivables were collected and a Credit Policy was put in place.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

25.2 Failure to Settle Accounts Payables

The previous Committee urged the Management of NCZ not to relent but to continue exploring more innovative ways of offsetting the Debt. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the Debt was offset and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

25.3 Outstanding Litigations in Favour of Nitrogen Chemicals of Zambia for the Years 2009 – 2012

The previous Committee urged the Controlling Officer to ensure that all amounts outstanding from litigation were collected without further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the unpaid amounts from litigations were settled and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

25.4 Non Remittance of Statutory Obligations

The previous Committee while noting the measures put in place by the Management of NCZ resolved not to close the matter until there was a significant reduction in the amounts outstanding. The Committee resolved to await a progress reports on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the unpaid Statutory Obligations were settled and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

25.5 Unretired Imprest

The previous Committee urged the Controlling Officer to ensure disciplinary action was taken against the Officers responsible for the omission and to ensure that all the imprest was retired and documents availed to the Auditor General for verification in line with Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the imprest was recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to keep the matter open and will await an update regarding the retirement of imprest.

25.6 Unsupported Payments – K103, 849,999.48

The previous Committee urged the Controlling Officer to ensure that the traced supporting documents were availed to the Auditor General for verification while the missing ones amounting to K103, 849,999.48 had to be found without further delay and the Officers responsible were to face disciplinary action. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all payments were supported and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 17

Paragraph 19

26.0 NATIONAL AIRPORTS CORPORATION LIMITED

26.1 Statement of Comprehensive Income

The previous Committee urged the Controlling Officer to help Management come up with strategies to revamp the Company's profitability other than to depend on borrowing and to ensure that all the Debts highlighted were recovered without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the highlighted Debts were recovered so that the Profit after Tax was attained.

Committee's Observations and Recommendations

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

26.2 Financial Position

i) Debt Collection Period

The previous Committee urged the Controlling Officer to help Management come up with strategies to revamp the Company's profitability including an option of compelling all airlines to be on the IATA system to ensure that all the Debts highlighted were recovered without any further delay. The Committee resolved to await a progress report.

Treasury Response

The Committee was informed that matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the highlighted Debts were recovered so that the Profit after Tax was attained.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Abandoned Aircraft – MK Airlines

The previous Committee resolved to await a progress report on the matter and expressed concern at the inordinate time it had taken to remove the Aircraft, DC8-9J MKK from the airport. It was the Committee's considered view that disposing it off would have been a better option so as to recover some charges accrued on it. The Committee resolved to await a progress report.

Treasury Response

The Committee was informed that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Liquidator had concluded the liquidation process that had stalled the disposal of the Plane.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

26.3 Unsupported Payments K 416,973,589

The previous Committee urged the Controlling Officer to take disciplinary action against the erring Officers. The matter was, however recommended for closure subject to audit verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until supporting documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

26.4 Unretired Imprest K 64,112,000

The previous Committee urged the Controlling Officer to ensure that all erring Officers were disciplined in accordance with the Financial Regulations. The Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the imprest was recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

26.5 Non Performing Contract – Ubitech System Inc.

The previous Committee cautioned Controlling Officer to ensure that the Contract was completed without any further delay and resolved to await a progress report on the matter.

Treasury Response

The matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the works were completed.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 18

27.0 ZAMBIA RAILWAYS LIMITED

27.1 Irregularities in Staff Related Costs

i) Non Remittance of Statutory Obligations

The previous Committee urged the Controlling Officer to help the Company resolve all outstanding statutory obligations. The Committee resolved to await a progress report on the matter.

Paragraph 20

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the unpaid statutory obligations were settled and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Irregular Payment of Tax on Gratuity

The previous Committee cautioned the Controlling Officer to desist from defying compliance to the Income Tax Act which was a serious offence resulting in heavy penalties and fines due to default. The Controlling Officer was directed to ensure that the situation was corrected without any further delay and the Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Income Tax was settled.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

27.2 Deterioration of Infrastructure during Concession Period

i) Dilapidated Workshop Buildings

The previous Committee urged the Controlling Officer to consider recapitalising the workshops and thus create more jobs for the Zambian Citizens while at the same time, ensure value for money was harnessed from the workshops. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Workshop was recapitalised.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Vandalised Heavy Duty Equipment

The previous Committee urged the Controlling Officer to set up a team of officials to review what exactly transpired and report the matter to investigative agencies if necessary. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the team of Officials to review the matter concluded its findings and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

iii) Vandalised Level Crossings

The previous Committee cautioned ZRL management for the laxity in repairing the level crossings which had compromised safety in the areas they are located. The Controlling Officer was urged to ensure that repairs were done without any further delay and the Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all Level Crossings were repaired.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

iv) Uprooted Sidings

The previous Committee urged the Controlling Officer to ensure that all useful sidings were opened and further implored him to follow up with the Secretary to the Treasury on the settlement between the Government and Railway Systems of Zambia without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until useful sidings were worked on and opened up for operations.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

27.3 Irregularities in Accounting for Locomotives and Wagons

i) Failure to Account for Traction Motors and Compressor Exhausters Sent to South Africa

The previous Committee urged the Controlling Officer to follow up with the Secretary to the Treasury on the settlement between the Government and Railway Systems of Zambia without any further delay and further recommended that the matter on the exports which were not availed for audit to be reported to the Law Enforcement Agencies for further probe. The Committee resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until details of the settlement between the Government and Railway Systems of Zambia were availed for audit scrutiny and the matter on the exports was reported to Law Enforcement Agencies.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Unaccounted for Wagons

The previous Committee urged the Controlling Officer to report the matter to law enforcement agencies for further probe resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Law Enforcement Agencies had probed the matter of the un-accounted for Wagons.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

iii) Unaccounted for Coaches

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General

and recommended that it remained outstanding until the Coaches were properly accounted for and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

iv) Irregular Hire of Locomotives to SNCC

The previous Committee recommended the matter for closure subject to audit verification on the documentary evidence of the monthly rentals by SNCC as there was no full disclosure at the time of audit which made the transactions questionable.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until documental evidence for the monthly rental costs by SNCC were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

v) Irregular Exchange of Locomotive Engines

The previous Committee urged the Controlling Officer to follow up with the Secretary to the Treasury on the settlement between the Government and Railway Systems of Zambia without any further delay in order to see a possibility of compensation for the loss which had resulted due to the irregular exchange of the big engines with smaller ones. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the final settlement between Government and Railway Systems of Zambia was availed for audit scrutiny so that the matter of the exchange of big Locomotive engines with smaller ones was resolved.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

vi) Failure to Insure Assets

The previous Committee cautioned the Controlling Officer against failure to insure the assets and directed him to ensure that all assets were insured without further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the Assets were insured and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

27.4 Irregularity in the Sale of Properties

The previous Committee cautioned the Controlling officer to desist from misleading the Committee as circumstances were not clear as to why the Contract and record of valuation were not availed to auditors at the time of audit. The matter remained open until the said documents were availed to auditors for verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until documental evidence for the valuation and the agreement between the parties were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

27.5 Failure to Avail Lease Agreements

The previous Committee urged the Controlling Officer to ensure that all Tenants signed the correct Lease Agreements with the ZRL in retrospect. The matter was recommended for closure subject to audit verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all tenants were made to sign the correct Lease Agreements with the ZRL in retrospect and agreements availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

27.6 Irregular Sale of Land

The previous Committee recommended that the matter be reported for investigation by Law Enforcement Agencies as the Board members and management at ZRL did not declare interest into the sale of land but instead offered themselves land without competition which could have resulted into having a compromised cost. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the matter was referred to the Law Enforcement Agencies to determine as to whether the sale of land was not influenced by Board Members and Management.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 20

Paragraph 22

28.0 ZAMBIA DEVELOPMENT AGENCY (ZDA)

28.1 Unreimbursed Borrowings from Escrow Account

The previous Committee cautioned the Controlling Officer against taking the work of the Committee lightly, as he had not done much to resolve the matter, but instead availed the Committee with options available, other than to have taken action on the matter. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the balance of K3, 000,000 was reimbursed and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

28.2 Inadequately Supported Payments-K749, 400,135

The previous Committee urged the Controlling Officer to take disciplinary action against the Officers who failed to provide the supporting documents out of negligence and to expeditiously ensure that all the payments were adequately supported and availed to the Auditor-General for verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the payments were supported and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

28.3 Unretired Imprest K 15,305,080

The previous Committee urged the Controlling Officer to ensure that the imprest was retired and to ensure disciplinary action was meted on the Officers who failed to ensure safe custody of the documents.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until retirement documents were traced and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

28.4 Fixed Assets

The previous Committee urged the Controlling Officer to ensure that all properties had title and cautioned Management to attach great importance to the matter involving the properties in question. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Title Deeds for all the properties were obtained and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 21

Paragraph 23

29.0 NATIONAL PENSION SCHEME AUTHORITY

29.1 Weaknesses in the Management Information Systems (MIS)

i) Failure to Test the Business Continuity Plan (BCP)

The previous Committee urged the Controlling Officer to expedite the recruitment of Staff in order to correct the situation. He was also urged to ensure that systems trainings were conducted regularly for all Staff dealing with IT to curb the irregularity. The matter was recommended for closure subject to audit verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the process of recruiting specialised staffs was completed.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

29.2 Outstanding Contribution Payments

i) Arrears

The previous Committee urged the Controlling Officer to use all the available options to recover the debt without further delay. He was also urged to ensure that he liaised with the Secretary to the Treasury on the Government debt and probably consider a debt swap to offset part of the debt. The Committee resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the debt was fully recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Employers who ceased operations

The previous Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the debt was fully recovered and details availed for audit scrutiny.

Committee’s Observations and Recommendations

The Committee resolves to await an update on the matter.

iii) Employers who changed locations

The previous Committee urged the Controlling Officer to ensure that employers who had relocated from their premises of operation were located immediately.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the debt was fully recovered and details availed for audit scrutiny.

Committee’s Observations and Recommendations

The Committee resolves to await an update on the matter.

29.3 Management of Levy Business Park

i) Questionable Payment (K8, 526,101,801 maintenance expenditure and K2, 056,364,260 wages on behalf of Liberty Properties)

The previous Committee urged the Controlling Officer to expedite the process of a forensic audit for both construction and management of the Centre. The Committee resolved to await a progress report on the matter.

Treasury Response

The matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the forensic audit for both construction and management of the Centre was completed and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

ii) Unremitted funds

The previous Committee urged the Controlling Officer to expedite the process of undertaking a forensic audit for both construction and management of the Centre. The Committee resolved to await a progress report on the unremitted funds.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the forensic audit for both construction and management of the Centre was completed and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

29.4 Undischarged Guarantee

The previous Committee urged the Controlling officer to ensure that disciplinary action was taken against all erring Officers who had numerous laxities in their execution of duty and further urged the Controlling officer to pursue the end user who had failed to pay for the service as opposed to Phantom Exchange Solutions. As the matter was in Court, the Committee resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the case was concluded by the Courts of Law.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

29.5 Outstanding Rent Debtors

The previous Committee urged the Controlling Officer to ensure that all the available options were used to expeditiously recover the debts from all rental debtors. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the debt for the rentals was fully recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

Paragraph 22

Paragraph 24

30.0 ZSIC GROUP OF COMPANIES

30.1 Management Information Systems

i) Delayed Project Implementation

The previous Committee urged the Controlling Officer to ensure that the projects were completed on time and operational in all branches. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the vendor 3i – Infotech Limited had began the implementation of PREMIA, however the outstanding balance had to be paid.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Wasteful Expenditure on Antivirus

The previous Committee urged the Controlling Officer to take disciplinary action against the responsible Officers who gave wrong technical advice leading to the wasteful expenditure as only a smaller number of Computers were installed with the Anti-Virus. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it be closed since the Computers where the Anti-Virus was managed outside the central console revealed that the Anti-Virus was in place and was adequately managed. This implied that despite the central console having less than 300 Computers been managed, the overall number of Anti-Virus installed on the central and

outside central console was 300. A reveal of the dashboard revealed that 298 were been managed through the central console as of February, 2015.

Committee's Observations and Recommendations

The Committee resolves to close the matter.

30.2 Review of Accounting Records

i) Government Indebtedness to ZSIC

The previous Committee urged the Controlling Officer to ensure that the verification of the debt by the Controller of Internal Audit was completed in order to pave way for the clearance of the debt by the Government and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the verification for the debt for the years 2011-2014 was concluded.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Review of Internal Audit Reports on Investments

The Group runs the Zambia State Insurance Trust Fund (ZSITF) on behalf of the employees of ZSIC, public and other private Institutions. The nature of services provided by ZSIC comprises of custody of assets owned by the Fund, administration of pension (membership record and contribution) and managing funds and investments. The Group undertakes various investments in order to grow the Fund.

A review of the Internal Audit Reports and other records covering the period January to December 2010 revealed the following irregularities with regard to investments:

a) Irregular Investment in Pelton Finance Limited

o Failure to Undertake Due Diligence

The previous Committee urged the Controlling Officer to ensure that the Officers responsible for the irregularity are disciplined as it was the Committee's considered view that the Management of ZISC acted irresponsibly when it decided not to undertake a due diligence on Pelton, as being registered with the Bank of Zambia was no guarantee that the entity

was economically viable. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the investigations were concluded.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

- **Failure to Conduct Risk Assessment**

The previous Committee urged the Controlling Officer to ensure that the Officers responsible for the failure to undertake a proper risk assessment to limit exposure were disciplined as they acted irresponsibly. The Committee resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Controlling Officer complied with the Committee's directive.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

- **Failure to Monitor the Investment**

The previous Committee noted that the matter was being investigated by Investigative Agencies and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the investigations were concluded.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

b) Investment in Circle Pharmaceuticals Africa – US\$700,000

The previous Committee noted that the matter was being investigated by security wings and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the investigations were concluded.

Committee’s Observations and Recommendations

The Committee resolves to await an update on the matter.

c) Investments in Freshpikt

The previous Committee noted that the matter was also under investigation and resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the investigations were concluded.

Committee’s Observations and Recommendations

The Committee resolves to await an update on the matter.

d) Investments in Non Performing Projects – Kitwe Development Limited

The previous Committee noted the submission and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General, despite the Zambia State Insurance Pension Trust Fund (ZSIPTF) expressing their intention to exit the investment to the Fund Manager and seeking guidance from Broker (Pangaea Securities) on 12th January, 2015 on how to exit, Management had not provided a detailed evaluation report of the cost of exiting compared to the cost of staying. Therefore the matter remained outstanding.

Committee’s Observations and Recommendations

The Committee resolves to await an update on the matter.

31.0 ZAMBIA WILDLIFE AUTHORITY

31.1 Wasteful Expenditure – SMS Competition - K730, 227,321.37

The previous Committee urged the Controlling Officer to take disciplinary action against the Officers involved for their failure to advise Management properly on the matter which lead to a wasteful expenditure on the short message service competition amounting to K730, 227,321.37. The Committee also urged the Controlling Officer to seek guidance from the Attorney General on the remedies that may be available to ZAWA. The Committee would await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until guidance from the Attorney General on the remedies that may be available to ZAWA was availed for audit scrutiny.

Committee’s Observations and Recommendations

The Committee resolves to await an update on the matter.

31.2 Un-Vouched Expenditure

The previous Committee urged the Controlling Officer to ensure that the missing supporting documents were found and availed to the Auditor-General for verification. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until supporting documents were availed for audit scrutiny.

Committee’s Observations and Recommendations

The Committee resolves to await an update on the matter.

31.3 Unretired Imprest

The previous Committee urged the Controlling Officer to ensure that the remaining imprest was retired and documents availed to the Auditor General for verification and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the imprest was recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

31.4 Unaccounted for Stores

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until receipt and disposal details were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

31.5 Failure to Collect Revenue from Masebe Game Ranch

The previous Committee urged the Controlling Officer to report the matter to investigative agencies for further investigations as the agreements entered into were contrary to clear guidelines and procedures. It was the Committee's considered view that by agreeing to do a barter system before any payment was made by the client meant that such a client paid nothing to ZAWA as the animals in question were still a property of Government. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Controlling Officer complied with the Committees' directive to report the matter to the Investigative Wings.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

31.6 Payables

i) Failure to Remit Loan Recoveries to Financial Institutions.

The previous Committee resolved not to close the matter until all the outstanding amounts were collected.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Financial Institutions Debt was liquidated and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Failure to Remit Statutory Contributions

The previous Committee resolved not to close the matter until the entire debt stock was settled.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the entire debt was settled and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

31.7 Contract for the Translocation of Assorted Species of Wildlife

i) Questionable Issuance of Local Purchase Order (LPO)

The previous Committee urged the investigative agencies dealing with the matter to expeditiously come up with its findings as the Committee was reluctant to accept the explanation by the Controlling Officer that the query was as a result of a human error by an Officer, based on the numerous implementation challenges which the Contract later encountered. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Investigative Wings concluded their investigations.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Failure to Execute Contract in Full

The previous Committee resolved to await a progress report of the investigative agencies as the Contract lacked transparency and was unprofessionally handled from inception.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Investigative Wings concluded their investigations.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

iii) Failure to Declare Interest

The previous Committee recommended that the matter be subjected to investigations by investigative agencies and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Investigative Wings conclude their investigations.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

31.8 Lack of Proper Armory Building – Area Management Units

The previous Committee urged the Controlling Officer to ensure that ZAWA Management addressed the issue to have proper Armory Buildings in areas under ZAWA without further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until proper Armory Buildings in areas under ZAWA were constructed to properly safeguard the Arms.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

31.9 National Parks, Game Management Areas and Lodges

i) Encroachment into Game Management Areas – Mumbwa East/Lower Zambezi National Park

The previous Committee urged the Controlling Officer to take urgent steps to ensure that Game management areas were properly managed as per the provisions of the law and resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all illegal settlers were evicted from the Game Management areas.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Companies Operating without Tourism Concession Agreements

The previous Committee urged the Controlling officer to ensure that all operators sign concession agreements in line with the policy of ZAWA as failure to do so put the integrity of the Organisation at stake. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all Operators signed concession agreements in line with the policy of ZAWA.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

iii) Failure to Collect Debt Related to Fixed Lease and Variable Fees

The previous Committee urged the Controlling Officer to ensure that ZAWA management undertook urgent measures to collect the funds owed to it to enable ZAWA resolve the financial constraints. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all funds owed to ZAWA by Institutions on Tourism Concession Agreements (TCAs) were recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

PART II

Recommendations of the Committee on Parastatal Bodies on the Treasury Minute Arising from the Report of the Public Accounts Committee for the Fourth Session of the Eleventh National Assembly Appointed by the Resolution of the House on Friday, 26th September, 2014 on the Report of the Auditor General on the Accounts of the Parastatal Bodies and other Statutory Institutions for the Financial Year ended 31st December, 2013

32.0 Introduction

The Treasury Minute on the Report of the Public Accounts Committee for the Fourth Session of the Eleventh National Assembly contained the Audit Queries raised by the Auditor General, observations and recommendations of the Public Accounts Committee (PAC) and comments and responses of the Ministry of Finance on the report of the Public Accounts Committee on the Report of the Auditor General on the Accounts of the Parastatal Bodies and Other Statutory Institutions for the Financial Year Ended 31st December, 2013 which was adopted on 17th July, 2015.

References on the right hand margin relate to paragraphs of the Public Accounts Committee's Report, while those on the left hand margin refer to the paragraphs of the Auditor General's Report.

Auditor General's Comments

The Auditor-General reported that the Report of selected Parastatal Bodies for the Year Ended 31st December, 2013 was submitted to the President for tabling in the National Assembly in accordance with the Constitution of the Republic of Zambia and the Public Audit Act, Cap 378 of the laws of Zambia.

Submission by the Secretary to Treasury on Auditor General's Introduction

The Secretary to the Treasury submitted that the facts were as stated in the Report of the Auditor-General and that the audit of accounts of the seventeen (17) Parastatal Bodies was done within the provisions of the Constitution of Zambia and the Public Audit Act, Chapter 378 of the Laws of Zambia.

33.0 Auditor General's Scope of Audit

The Report was as a result of a programme of test checks and reviews of audited accounts of selected Organisations for the Financial Years up to 31st December, 2013. In preparing the Report, Controlling Officers or Chief Executive Officers of the affected Organisations were availed draft paragraphs for comments and confirmations of the correctness of the facts presented. Where comments were received and varied materially with the facts presented, the paragraphs were amended accordingly.

Submission by the Secretary to Treasury on Auditor General's Scope of Audit

The Secretary to the Treasury submitted that the scope of audit by the Auditor-General covered test checks and reviews of audited accounts of the Years Ending 31st December, 2009 to 2013 of the seventeen (17) selected Parastatal Bodies. Furthermore, the interaction of the Auditor-General with Chief Executive Officers through their Controlling Officers helped to enhance good corporate governance values in the management of Boards for Parastatal Bodies entrusted with the responsibility of managing Public Resources. The Report of the Auditor-General highlighted various weaknesses in the management of resources in Public Institutions which received funds through grants and capital reserves during the years under review.

34.0 Auditor General's Comment on Internal Control

In this Report, specific mention was made of non-preparation of Financial Statements, failure to remit statutory contributions, weaknesses in procurement procedures, irregular payments and poor financial performance among other issues by the respective Organisations. These are clear indicators of Internal Control lapses in most of the Parastatal and Statutory Organisations.

Submission by the Secretary to Treasury on Auditor General's Internal Control

The Secretary to the Treasury assured the Committee that the Treasury had assigned the Controller of Internal Audit to review Internal Control systems in Parastatal Bodies. In addition, the Boards of Directors and Management Teams had been directed to enhance Internal Control systems and mete out disciplinary action against erring Officers.

35.0 Paragraph 4 Institutions that had not Submitted Audited Financial Statements

There were twenty (20) Statutory and Parastatal Bodies that had not produced audited Financial Statements on the accounts for the Financial Year Ended 31st December, 2013 as detailed below.

Statutory Body
Citizen Economic Empowerment Fund (CEEC)
Times Printpak
Zambia Institute of Advanced Legal Education
Zesco Limited
Energy Regulation Board
TAZAMA
National Sports Council of Zambia
Zambia Wildlife Authority
Hotel Tourism and Training Institute
Zampost
Nitrogen Chemical of Zambia
Food Reserve Agency
Zambia Education Publishing House
Livestock Development Trust
Coffee Board of Zambia
Kafubu Water and Sewrage Company
Kitwe City Council
Local Superannuation Fund (LASF)
Luapula Water and Serage Company (LpWSC)
Mukuba Hotel

Submission by the Secretary to Treasury on Failure to Submit Audited Financial Statements by various Institutions

The Secretary to the Treasury submitted on each one of the Institutions that were reported as not having produced audited Financial Statements as set out below.

35.1 Times Printpak

The previous Committee, urged the Controlling Officer to liaise with the Board to ensure the Accounts Section of the Company was equipped with qualified and skilled personnel. The Committee also urged the Controlling Officer to ensure that the Company was up to date with its audited Financial Statements. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General, who recommended that it remained outstanding until the Financial Statements were prepared and availed for audit scrutiny.

Committee's Observations and Recommendations

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

35.2 National Sports Council of Zambia

The previous Committee resolved to await a progress report on the National Sports Council of Zambia's submission that the financial accounts for 2013 and 2014 were being audited by the external auditors Ernst and Young.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General who recommended that it remained outstanding until the Financial Statements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the matter.

35.3 Hotel and Tourism Training Institute (HTTI)

The previous Committee resolved to await a progress report on the compilation of a Financial Statement for the year ending 31st December, 2012 which the institute had indicated would be used as an opening balance by the External Auditors who were engaged for audit services.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General who recommended that it remained outstanding until the Financial Statements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report.

35.4 Nitrogen Chemicals of Zambia (NCZ)

The previous Committee, urged the Secretary to the Treasury to assist the Nitrogen Chemicals of Zambia to ensure that the financial statements were audited and to clear the backlog of unaudited accounts for 1998 to 2004.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it to remain outstanding until the Financial Statements were availed for

audit scrutiny.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that NCZ is up-to-date with audited financial statements. The Committee resolves to await a progress report on the matter.

35.5 Food Reserve Agency (FRA)

The previous Committee resolved to await a progress report on the engagement of external auditors PKF Accountants and Business Advisors to audit the Financial Statements from 2011 to 2014.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it to remain outstanding until the Financial Statements were availed for audit scrutiny.

Committee's Observations and Recommendations

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

35.5 Zambia Education Publishing House (ZEPH)

The previous Committee resolved to await a progress report on the matter after urging the Secretary to the Treasury to assist the Management of ZEPH to produce audited financial statements.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it to remain outstanding until the Financial Statements were prepared and approved by the Board of Directors and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

35.6 Livestock Development Trust

The previous Committee resolved to await a progress report on the audit of the accounts up to 31st December, 2014 that were being undertaken by Grant Thornton.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Financial Statements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the finalisation of the audited accounts.

35.7 Coffee Board of Zambia

The previous Committee urged the Secretary to Treasury to resolve the matter on the submission made which indicated that the financial statements had been prepared by external auditors but not released due to non-payment of audit fees. The Committee resolved to await a progress report.

Treasury Response

In response, the Treasury submitted that the matter was verified by the office of the Auditor General and recommended that it remained outstanding until the Financial Statements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the release of the audited Financial Statements.

35.8 Kitwe City Council (KCC)

The previous Committee urged the Secretary to the Treasury to ensure that Kitwe City Council was up to date with audited Financial Statements which had not been prepared for the financial years 2004 to 2013. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Financial Statements were prepared and approved by the Board of Directors and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

35.9 Local Authorities Superannuation Fund (LASF)

The previous Committee urged the Secretary to the Treasury to bring to the attention of Secretary

to the Cabinet matters raised by the Institution's Auditors regarding the fundamental policy issues on decline in membership with more pensioners than contributing members, poor liquidity and solvency ratios, non-capitalisation of the scheme through financing the actuarial deficit and increasing liabilities arising from non-payment of retirement benefits. The Committee resolved to await a progress report on the.

Treasury Response

In response, the Treasury submitted that progress would be obtained from the institution and a letter would be generated from the Treasury to Cabinet Office as directed by the Committee.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the directive of the previous Committee.

35.10 Luapula Water and Sewerage Company (LpWSC)

The previous Committee resolved to await a progress report on the submission of the audited financial statements for 2009 to 2014, following the Controlling officer's submission when he appeared before the Committee that company was at the stage where the trial balances for these financial years were being finalised in readiness for the production of the draft Financial Statements.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Financial Statements were prepared and approved by the Board of Directors and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the matter.

35.11 Mukuba Hotel

The previous Committee resolved to await a progress report on the Financial Statements for the financial years 31st March, 2011, 2012 and 2013, following the submission that the financial statements had been prepared and were awaiting external audit.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Financial Statements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the matter.

Treasury Concluding Remarks on the Institutions that did not submit audited Financial Statements

The Secretary to the Treasury ended his submission by stating that the Industrial Development Cooperation (IDC) had taken over the over-sight functions of state owned enterprises incorporated under the *Companies Act, Chapter 388* and the *Banking and Financial Services Act Chapter 387*.

Paragraph 7

Paragraph 6

36.0 DEVELOPMENT BANK OF ZAMBIA

36.1 Dual Directorship

The previous Committee urged the Controlling Officer to ensure that the matter was resolved by the Bank of Zambia without any further delay considering that *Section 31 (4) of the Financial Services Act* (as amended in 2005) did not permit a person to be a Director of more than one Financial Service Provider without prior written approval from the Bank of Zambia (BOZ). The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the office of the Auditor General and recommended that it remained outstanding until the Bank of Zambia provided guidance on the dual Directorship of the Board Member.

Committee's Observations and Recommendations

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

36.2 Enterprise Development Fund (EDF)

The previous Committee strongly urged the Controlling Officer to ensure that the matter of Anglo Leasing Services limited which was one of the forty six clients that had benefited US\$1,400,000 from the EDF credit line and had defaulted should be expeditiously resolved by the Bank of Zambia without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury, submitted that the matter was verified by the office of the Auditor General and recommended that it remained outstanding until the Bank of Zambia provided guidance on the treatment of penalties for delayed payments

Committee's Observations and Recommendations

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

36.3 Outstanding Loans K 254,991,000

During the period under review, DBZ had loans which were running from previous financial years. Details of the outstanding loans for the period from 2008 to 2013 were as shown in the table below.

Year	Amount K'000
2008	77,057
2009	57,356
2010	24,498
2011	82,600
2012	81,331
2013	254,991

As of December, 2013 a total amount of K254, 991,000 was still owed by various Clients. However, a detailed list of the Loanees over the period from 2008 to 2013 was not provided for audit.

A review of primary records revealed the following:

i) Syndicate Loan to Zambian Airways (ZA) US\$ 3000,000

The previous Committee resolved to await a progress report on the matter which was before the courts of law regarding the breach by ZA of the Bank's Credit Policy of a preferred Customer as ZA did not clear the outstanding loan totalling K17, 744,034 inclusive of interest.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until it was concluded by the Courts of Law and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee notes that the matter is still before the Courts of Law and resolves to await a progress report.

ii) Kifco Packaging K 17,417,193

The previous Committee urged the Controlling Officer to ensure that all the outstanding

amounts were repaid by the Client. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the office of the Auditor General and recommended that it remained outstanding until all the outstanding amounts were repaid by the Client and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that the owed amounts are repaid. The loan was supposed to be repaid over a period of five years which had since elapsed. The Committee resolves to await a progress report.

iii) Consolidated Milling Limited (CML) K 1,177,494

The previous Committee resolved to await a progress report on the recovery of the outstanding balance of K 1,177,494

Treasury Response

The matter was verified by the office of the Auditor General and recommended that it remained outstanding until the outstanding balance amounting to K1, 177,494 was recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

iv) Mofu Industries Limited US\$ 110,918

The previous Committee resolved to await a progress report on the issue of foreclosure and settlement of the outstanding credit.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the foreclosure proceedings were concluded and details availed for audit scrutiny.

Committee's Observations and Recommendations

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

36.4 Irregular Purchase of Gift Vouchers K 59,000

The previous Committee urged the Controlling Officer to ensure that the practice was discontinued forthwith, as it was contrary to the entitlements of Board members. The Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it be closed following the discontinuation of the practice of providing Gifts to Board Members by the Bank. The matter will be kept in view during future audits.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

36.5 Non Remittance of Statutory Contributions

The previous Committee urged the Controlling Officer to ensure that the Bank took steps to start remitting statutory obligations as they fell due considering that the matter had earlier been brought to the attention of Management and no action had been taken hence forth. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Tax obligations were liquidated and details availed for audit scrutiny.

Committee's Observations and Recommendations

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

36.6 Weaknesses in the Management Information Systems

i) Lack of an IT Steering Committee

The previous Committee urged the Controlling officer to avail the letters referred to and the terms of reference showing that the management executive Committee of the Bank had been tasked with the roles performed by the IT steering committee. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the terms of reference and letters

delegating the roles of the IT Steering Committee to the management executive committee of the Bank were availed for audit scrutiny.

Committee's Observations and Recommendations

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

ii) Lack of an IT Risk Management Framework

The Committee resolved to await a progress report on the measures that were being undertaken to implement an IT Risk Management Framework which helped to highlight among others, the significant risks identified, and how the risks would be managed or mitigated.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Risk Management Department was established to handle Risk Areas of the Bank.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

iii) Inadequate Staffing of the Information and Communication Technology (ICT) Department

The previous Committee urged the Controlling Officer to ensure that the recruitment of relevant ICT staff was expedited as inadequate staffing of the ICT Department was unacceptable considering that it had the potential of affecting the quality of ICT services in the Bank and created, over-reliance on individuals performing a critical job function which could result in such individuals having too much control of the system. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the recruitment of the relevant IT Staff was concluded.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

iv) Information Communication Technology (ICT) Policies not Approved by the Board of Directors

The previous Committee resolved to await a progress report on the submission of the ICT policies for onward approval by the Board, which would help stop management from making ICT decisions haphazardly, following the submission by the Controlling Officer that the policies had been finalised when he appeared before the Committee.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it to remain outstanding until the Board had approved the Information Communication Technology (ICT) Policies.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the Information Communication Technology policies that are yet to be signed by the Board.

v) Lack of Back up Policy

The previous Committee cautioned Management against operating without a Backup Policy, as this was putting the Organisation's data at a risk of being lost in the event of an equipment failure, intentional destruction or a disaster. The Committee resolved to await a progress report.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Board had approved the Information Communication Technology (ICT) back up Policy.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's concerns and resolves to await a progress report on Information Communication Technology (ICT) back up Policy that is yet to be approved by the Board.

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

The previous Committee urged the Controlling Officer to ensure that efforts to have the business continuity plan and a disaster recovery plans in place were expedited as the Bank risked losing its data in case of equipment failure, intentional destruction or a disaster. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it to remain outstanding until the Bank had put in place a robust Information Communication Technology (ICT) Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP).

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's observations and strongly urges the Controlling Officer to ensure that the process of formulating a robust Information Communication Technology (ICT) Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) is expedited. The Committee resolves to await a progress report.

vii) Lack of Service Level Agreements (SLAs)

The previous Committee resolved to await a progress report on the revision of the service level agreements that were yet to be submitted to the Board for approval as submitted by the Controlling Officer when he appeared before the Committee.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until details of the strengthened updated Service Level Agreements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee is concerned at the management's laxity to put in place the necessary policies required in the smooth operations of the Bank. The Committee strongly urges Management to expedite the process and resolves to await a progress report on the matter.

viii) Outdated Loan Management System

The previous Committee resolved to await a progress report on the upgrading of the outdated loan management system as the outdated system was susceptible to malicious software and lacked an audit trail to enable the bank track, analyse and determine any changes that may have been done on the system.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the implementation of the Integrated Core Banking System was completed.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's observations and resolves to await a progress report on the implementation of the Integrated Core Banking System. This will enable the bank to establish traceability and accountability of transactions processed on the system.

ix) Poor Administration of the Active Directory

The previous Committee urged the Controlling officer to ensure that management was implementing the recommendations of the audit committee expeditiously as failure to do so entailed that the payroll system remained vulnerable to hackers. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it to remain outstanding until new servers were installed and the default Accounts were invalidated.

Committee's Observations and Recommendations

The Committee urges the Controlling officer to ensure that the installation of the new servers is expedited as recommended by the previous Committee. The Committee resolves to await a progress report on the Banks' acquisition of a Front End Solution to resolve this challenge.

Paragraph 8

Paragraph 7

37.0 THE JUDICIARY

37.1 Missing Payment Vouchers K 4,093,232

The previous Committee resolved to close the matter, subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it to remain outstanding until traced documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee finds it unacceptable that relevant documents such as payment vouchers in amounts of K4, 093,232 could go missing. The Committee takes note of the response indicating that the missing documents were traced. However, it strongly urges the Controlling Officer to take

punitive action against erring officers, and resolves to await a progress report on the traced documents that are yet to be verified by the auditors.

37.2 Unsupported Payments K 4,158,433

The previous Committee resolved to close the matter, subject to audit verification on the supporting documents which were not submitted at the time of audit for the two hundred and thirty five (235) payments in amounts totalling K4, 158,433 which the Controlling Officer submitted had since been traced when he appeared before the Committee.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the relevant documents related to Tax recoveries were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee notes the submission from the Treasury and resolves to await a progress report on the relevant documents related to Tax recoveries that are yet to be availed for audit scrutiny.

37.3 Unaccounted for Stores

i) *Headquarters-K478,341*

The previous Committee resolved to close the matter, subject to audit verification on the supporting documents for the amount totalling K32, 435, which had since been traced and were ready for audit scrutiny following the Controlling officer's submission that the supporting documents in amounts totalling K445, 906 had been found and verified by the Auditor General.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the traced supporting documents amounting to K32, 435 were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take punitive measures against the erring officers, and resolves to await a progress report on the audit verification of the supporting documents that were traced.

iii) *Mongu-K23,102*

The previous Committee resolved to close the matter, subject to audit verification of the supporting documents that had since been traced and were ready for audit scrutiny for the amounts totalling K11, 902, following the verification of the supporting documents for amounts totalling to K11, 200

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the traced supporting documents amounting to K11,902 were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter and urges the Controlling Officer to ensure that punitive measures are taken against erring officers, and ensure financial regulations are followed.

iv) *Solwezi-K3,000*

The previous Committee resolved to close the matter, subject to audit verification of the supporting documents in amounts totalling to K3, 000 that were missing and had since been traced.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the traced supporting documents amounting to K3, 000 were availed for audit

Committee's Observations and Recommendations

The Committee resolves to await an update, and urges the Controlling Officer to take punitive action against erring officers.

v) *Ndola-K21,700*

The previous Committee resolved to close the matter, subject to audit verification of the supporting documents amounting to K2, 700 that had since been traced following the submission that the other supporting documents amounting to K19, 000 were verified by the Auditor General.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the traced supporting documents amounting to K2, 700 were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await a progress report on the audit verification and further urges the Controlling Officer to take punitive measures against erring officers.

vi) Fees-K48,500

The previous Committee resolved to close the matter, subject to audit verification of the supporting documents that were earlier missing in amounts of K 48, 500 and had been traced as submitted by the Controlling Officer.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the traced supporting documents amounting to K48, 500 were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the traced supporting document, and urges the Controlling Officer to take punitive measures against erring officers.

37.4 Unretired Accountable Imprest K 1,612,072

Contrary to Financial Regulation No. 96, during the period under review, accountable imprest in amounts totalling K1, 612,072 issued to eighty nine (89) Officers had not been retired as of December 2014. See table below.

Station	No. of Officers	Amount K
Headquarters	27	504,832
Chipata	6	15,062
Mongu	3	11,582
Mansa	16	59,490
Ndola	2	161,923
Livingstone	2	1,400
ZAJIS Account	5	245,797
Fees Account – HQ	28	611,987
Total	89	1,612,072

i) *Headquarters-K504, 832*

The previous Committee resolved to await a progress report on the matter regarding the deductions on the balance of K109,780 unretired imprest following the submission that, imprest amounting to K395, 052 was retired and the matter was resolved during the verification exercise

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until recovery details for the balance of imprest amounting to K109, 780 were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes with concern that the officers were unable to retire imprest as stipulated in the financial regulations. The Committee strongly urges the Controlling Officer to caution the officers, and resolves to await a progress report on the refund of the outstanding amount.

ii) *Mongu - K11,582*

The previous Committee resolved to close the matter, subject to audit verification that imprest amounting to K11, 582 had been retired.

Treasury Response

In responses, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until retirement details for the imprest amounting to K11, 582 were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await a progress report on the audit verification. It strongly urges the Controlling officer to caution the officers against the laxity of not following laid down financial regulations.

iii) *Mansa-K59, 490*

The previous Committee resolved to close the matter, subject to audit verification on the unretired imprest amounting to K38, 567, following the Controlling Officer's submission that retirement documents were traced and that the imprest amounting to K20,923 was retired and the matter resolved during the verification exercise.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the traced retirement details for imprest amounting to K38,567 were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes with concern the laxity of the officers leading the failure to follow laid down financial regulations. The Committee urges the Controlling officer to caution the officers against such laxity and resolves to await a progress report.

iv) *Livingstone - K1, 400*

The previous Committee resolved to close the matter, subject to audit verification that the Instructions to commence deductions were issued and adhered to.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until recovery details were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await a progress report on the audit verification whether indeed the funds have been reimbursed.

v) *ZAJIS-K245,797*

The previous Committee resolved to await a progress report on the commencement to recover the unretired imprest amounting to K49, 377 following the submission by the Controlling Officer that imprest amounting to K196, 420 was retired and the matter was resolved during the verification exercise.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until recovery details were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the balance of K49, 377 is expeditiously recovered, and that he should caution the officers against laxity. The Committee resolves to await a progress report on the matter.

Fees Account-K611,987

The previous Committee resolved to await a progress report on the commencement to recover the outstanding unretired imprest amounting to K60,785.78 following the Controlling Officers submission that imprest amounting to K546,303 was retired and retirement documents for K4,898.22 had since been traced.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the traced retirement details for imprest amounting to K65, 684 and recovery details for imprest amounting to K60, 785.78 were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report and urges the Controlling Officer to caution the officers against laxity in following laid down financial regulations.

37.5 Failure to Produce Reports

During the period under review, amounts totalling K24, 190 were paid to various Officers to undertake monitoring of infrastructure. However, as of December 2014, no monitoring reports had been availed for audit.

i) *Mongu-K10,890*

The previous Committee resolved to close the matter, subject to audit verification of the Controlling officer's submission that the payment of K 10,890 was subsistence allowance paid to the officer who was travelling on duty to Mongu to enable him be part of the panel that was constituted to conduct job interviews for Local Court Officers.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the confirmation that the Officer was part of the interviewing panel for Local Court Officers was availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the audit regarding whether the officer who had traveled to Mongu was part of the interviewing panel for Local Court Officers.

37.6 Unremitted Taxes - Ndola and Lusaka Subordinate Court

The previous Committee resolved to await a progress report on the matter following the submission from the Controlling Officer that the Judiciary had since made a provision in the 2015 budget to clear off the outstanding taxes amounting to K41, 658 that had not been remitted to the Zambia Revenue Authority (ZRA) as of December, 2014.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Tax obligations were liquidated and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the liquidation of the tax owed to ZRA.

Paragraph 9

Paragraph 8

38.0 KAFUBU WATER AND SEWERAGE COMPANY (KWSC)

38.1 Billing for Services – Weaknesses in the Pronum Billing System

i) Bills on Disconnected Accounts

The previous Committee urged the Controlling Officer to ensure that the erring Officers who were responsible for deleting receipts were sternly cautioned as this could result into fraudulent activities considering that the report showed that 1436 accounts were disconnected while the billing report showed that the same accounts were being billed and to ensure that the system was updated regularly to avoid recurrence of the matter. The Committee resolved to keep the matter in view in future audits.

Treasury Response

In response, the Treasury submitted that the matter was noted and considered closed and urged the Auditor General to keep it in view during future audits.

Committee's Observations and Recommendations

The Committee resolves to keep the matter open.

38.2 Comparative Performance of KWSC in the Water and Sanitation Sector

A review of the National Water and Sanitation Council (NWASCO) reports for the period 1st April, 2010 to 31st December, 2013 revealed that the overall ranking of KWSC in the sector had been deteriorating due to underperformance in operational indicators such as Water Quality

Compliance, Collection Efficiency, Non-Revenue Water (NRW) and hours of water supply. During the period under review, the company's ranking dropped from seventh (7th) to tenth (10th) position. In particular, the following were observed:

i) Failure to Attain Metering Ratio Benchmark

The previous Committee urged the Controlling Officer to impress upon Management to ensure that the sector benchmark of 100 percent was attained expeditiously as any delay to implement the project to meet the 100 percent metering benchmark would result in loss of revenue to the Company. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it be closed since the Controlling Officer undertook to comply with the Committee's directive to increase the Sector benchmark of 100 per cent by implementing a project funded by the Danish International Development Agency (DANIDA) to help resolve leakages.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

38.3 Overdue Receivables

The previous Committee urged the Controlling Officer to ensure that receivables were collected from the customers with arrears using all the available means. The Committee further advised the Controlling officer to press upon Management to extend the installation of prepaid meters to all the other remaining areas to avoid accumulation of receivables. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it be closed following the introduction of measures to improve the collections of receivables from the customers with arrears.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to keep the matter open.

38.4 Missing Payment Vouchers

The previous Committee urged the Controlling Officer to ensure that Management should avail accounting documents to the Auditors at the time of audit and that all the remaining accounting

documents that were missing should be traced without any further delay. The Committee resolved to await a progress report on the remaining payment vouchers.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the six (6) untraced missing payments vouchers were availed for audit scrutiny.

Committee's Observation and Recommendation

The Committee finds it unacceptable that financial documents can go missing and reiterates the previous Committee's recommendation and resolves to await a progress report on the issue.

38.5 Failure to Remit Statutory Contributions

The previous Committee urged the Controlling Officer to ensure that the Company was sternly cautioned against failure to remit statutory obligations which is a serious offence. Further, the Committee requested the Controlling Officer to liaise with the Office of the Secretary to the Treasury on how liquidity challenges could be improved in the company to enable it meet its statutory obligations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the statutory obligations were liquidated and details availed for audit scrutiny.

Committee's Observation and Recommendation

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

Paragraph 10

Paragraph 9

39.0 THE KITWE CITY COUNCIL

39.1 Failure to Remit Statutory Contributions

The previous Committee urged the Controlling Officer to ensure that the Council was sternly cautioned against failure to remit statutory obligations which is a serious offence. The Committee further requested the Controlling Officer to liaise with the Office of the Secretary to the Treasury on how the Council's liquidity could be improved to enable it meet its statutory obligations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the statutory obligations were liquidated and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes with concern that KCC was failing to remit statutory contributions and urges the Controlling officer to caution Management, and to ensure that it honours its obligations in time. The Committee resolves to await a progress report.

39.2 Lack of Title Deeds

The previous Committee urged the Controlling Officer to ensure that numbering of the seventy properties for KCC was executed expeditiously and that all properties were on title without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the properties were numbered and titled.

Committee's Observations and Recommendations

The Committee observes with serious concern that a local authority had property which was untitled. The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

39.3 Lack of Lease Agreements

The previous Committee impressed upon the Controlling Officer to ensure that the process of issuance of new lease agreements for the over thirty seven (37) leased properties with a monthly rental charge of K319, 447,234 was expeditiously done and that all leased properties had lease agreements without any further. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Lease Agreements were signed for all leased properties and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

39.4 Irregularities in Memorandum of Understanding

i) Memorandum of Understanding (MoU) between the Kitwe City Council and Pridwin Property Investments Limited and Memorandum of Understanding (MoU) between the Kitwe City Council and Platinum Golding Equity Limited

The previous Committee urged the Controlling Officer to ensure that contracts entered into by the council should have binding legal relations with specific terms agreed upon by both parties instead of leaving it open ended as this would help avoid this irregularity were merely the MOU had mere intentions and did not create any legal relations between the parties upon which a party could sue or be sued. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Controlling Officer complied with the Committee's directive to review the current MoUs and replaced them with Contracts.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's resolution and resolves to await a progress report on the review of the MOUs, which were to be replaced with contracts.

Paragraph 11

Paragraph 10

40.0 LOCAL SUPERANNUATION FUND (LASF)

40.1 Information Systems Audit - Lack of IT Continuity Plan and Disaster Recovery Plan (DRP)

The previous Committee resolved to close the matter, subject to audit verification, on the Controlling Officer's submission that the LASF had since constituted an ICT Steering Committee that had been mandated to steer the full implementation of the IT Continuity and Disaster Recovery Plan.

Treasury Response

The Treasury submitted that the matter had been noted and considered closed.

Committee's Observations and Recommendations

The Committee notes the response and resolves to keep the matter open.

40.2 Failure to Appoint a Board

The previous Committee strongly urged the Controlling Officer to ensure that the Board was put in place without any undue delay as three years was too long a period for an Organisation to operate without a Board, a state of affairs the Committee found unacceptable. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Board was put in place and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the installation of a new Board.

40.3 Performance of the Fund

i) Net Assets

The previous Committee urged the Controlling Officer to be innovative and explore other investment opportunities to improve the financial standing of the Fund as opposed to depending only on registration of new members to revamp its asset position, an investment option which had been frozen for over fourteen years. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Fund was recapitalised and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

ii) Administrative Expenses as Percentage of Income

The previous Committee further urged the Controlling Officer to be innovative and explore other investment opportunities to improve the current status by ensuring that there was recapitalisation to save the Fund and to avoid clinging to one type of investment option to revamp its asset position the option of new membership had been frozen for over fourteen years. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Fund was recapitalised and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes with serious concern the high administrative expenses as a per centum of income, and reiterates the previous Committee's recommendation that the Fund should explore other investment options. It resolves to await a progress report.

40.4 Statement of Financial Position of the Fund

i) Liabilities of the Fund

The previous Committee urged the Controlling Officer to ensure that there was recapitalisation to save the Fund from the current situation where the liabilities had increased due to the design of the benefits structure of the Scheme and the declining financial capacity to pay liabilities. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Fund was recapitalised and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee is concerned with the unprofitable operations of the Fund following the closure to entrant of new members. The Committee urges the Secretary to the Treasury to ensure that operations of recapitalisation are pursued to ensure that the Fund is unprofitable. The Committee resolves to await a progress report on the matter.

ii) Liquidity of the Fund - Working Capital

The previous Committee urged the Controlling Officer to ensure that the fund was recapitalised to save the Fund from the current situation, where the working capital of the Fund had deteriorated from negative K4, 118,205 in 2009 to negative K45, 355,725 in 2012. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Fund was recapitalised and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee takes note of the Controlling officer's response and urges the Secretary to the Treasury to consider opening LASF to new members by issuing a Statutory Instrument that would exempt the Fund from the *National Pension Scheme Act*. The Secretary to Treasury should also consider recapitalising the Fund through the national budget by financing the actuarial deficit. The Committee will await a progress report.

iii) Total Debt to Assets Ratio

The previous Committee urged the Controlling Officer to be innovative and explore other investment opportunities to improve the current status where the total debt to asset ratio had increased. The Committee further urged the Controlling officer to avoid dependence on one option of new membership to improve its asset ratio. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Fund was recapitalised and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes with concern that the liabilities for the Fund have continued to increase, making it difficult for the Company to generate enough revenue to cover its obligations as they fall due. The Committee urges the Secretary to the Treasury to find a lasting solution to enable the Fund operate profitable, and resolves to keep the matter open.

iv) Lack of Actuarial Valuation

The previous Committee urged the Controlling Officer to ensure that LASF Management undertook Actuarial Valuation consistently owing to the fact that it is only through valuation that Management would determine the financial viability of the Fund. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Actuarial Valuation was done and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and urges the Controlling officer to ensure that Management follows the provisions of the *LASF Act, Section 10(1)* which states that, "the Fund shall be valued at intervals not exceeding five (5) years". The Committee resolves to await a progress report on the matter.

v) Declining Membership

The previous Committee resolved to await a progress report on the Controlling Officer's submission when he appeared before the Committee that the Ministry of Local Government and Housing had engaged the Ministry of Labour and Social Security to consider opening LASF to new members by issuing a Statutory Instrument that would exempt the Fund from the *National Pension Scheme Act* and that the Ministry had also engaged the Ministry of Finance to capitalise the Fund through the national budget by financing the actuarial.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the issue of the new entrants to the Fund was resolved and details availed for audit scrutiny.

Committee's Observations and Recommendations

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

vi) Non-renewal of Annual Tenancy Agreements

The previous Committee sternly cautioned the Controlling Officer to desist from defending Management's failure to caution the Officers who had failed to review the tenancy agreements by purporting that there was need for a lawyer to be involved in such a review. The Committee advised that this would have been necessary, only if there were

some alterations to the Agreements. The matter was however, recommended for closure subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Tenancy Agreements were renewed and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

vii) Uncollected Pension Contributions

The previous Committee urged the Controlling Officer to ensure that LASF employed all available options to ensure that receivables were collected without any further delay. The Committee also impressed upon the Controlling Officer to endeavor to fulfill his promise of deducting funds at source to reduce the amounts owed by councils and other entities under his jurisdiction. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until collection of receivables was enhanced to improve the revenue base of the Fund.

Committee's Observations and Recommendations

The Committee observes with concern that the Fund is owed pension contributions amounting to K78, 030,281 representing an increase of 94 percent from K40, 165,564 recorded in 2014. The Committee reiterates the previous Committee's recommendations and strongly urges the Secretary to the Treasury to ensure that the issue of deducting resources at source is expedited. It will await a progress report.

viii) Failure to Mortgage Property Acquired with LASF Funds.

The previous Committee urged the Controlling Officer to ensure that the issue of acquiring the title deeds was expedited and the house to be mortgaged without any further delay. The Committee further cautioned Management against taking a laxity approach especially that the issue involved a senior officer. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the title deeds were obtained and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the acquisition of title deeds from National Housing Authority.

ix) Unreconciled Contributions Owing to the Fund

The previous Committee urged the Controlling Officer to ensure that Officers were seriously cautioned for this lapse. The matter was recommended for closure subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the reconciled statements of all the Employers accounts for pension contributions were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the reconciled statements of all employers' accounts for pension contributions.

Paragraph 12

Paragraph 11

41.0 LUAPULA WATER AND SEWERAGE COMPANY (LPWSC)

(UNDER MINISTRY OF LOCAL GOVERNMENT AND HOUSING)

41.1 Weaknesses in Management Information Systems

The previous Committee urged the Controlling officer to ensure that Management for Luapula Water and Sewerage Company expeditiously establish an IT department. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until an IT department was established.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await audit verification on the establishment of the IT Department.

41.2 Lack of Statutory Instrument to Transfer Assets and Liabilities

The previous Committee urged the Controlling Officer to ensure that the Statutory Instrument to transfer assets was promulgated without any further delay. Additionally, the Controlling Officer was requested to ensure that all former council assets were valued. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Statutory Instrument was passed to transfer the Assets from the Councils to the Company and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that Management expedites the process of evaluating all former council assets and resolves to await a progress report.

41.3 Non-Remittance of Taxes and Statutory Contributions

The previous Committee urged the Controlling Officer to ensure that all available options were employed to dismantle part of its outstanding statutory obligations without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the statutory obligations were liquidated.

Committee's Observations and Recommendations

The Committee observes with concern the failure by Management to pay its statutory obligations owed to NAPSA and ZRA. The Committee urges the Controlling Officer to ensure that all outstanding statutory obligations are paid. It resolves to await a progress report.

41.4 Collapsed GRP Type Water Tanks in Mansa and Kashikishi

The previous Committee urged the Controlling Officer to report the matter to law enforcement agencies for further probe, as it was the Committee's considered view that, there could have been connivance between the contractor and Management, for them to have engaged contractors

without undertaking a due diligence reason being that the Company did not have qualified Engineers to evaluate the contractors when the Supervising Ministry had Engineers at all provincial levels who could have been engaged to supervise the works. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Controlling Officer complied with the Committee's directive to report the matter to the Law Enforcement Agencies.

Committee's Observations and Recommendations

The Committee strongly urges management to ensure that it strictly evaluates contractors' profiles before engaging them in any works. The Committee reiterates the previous Committee's recommendation for the need to engage law enforcement agencies and resolves to await a progress report.

41.5 Comparative Performance against Water and Sanitation Sector Bench marks

i) High Non- Revenue Water (NRW)

The previous Committee urged the Controlling Officer to ensure that Management at LpWSC put up a mechanism to contain the leakages on the water network to reduce on revenue losses and also that the process of upgrading the infrastructure had to be expedited. The Committee resolved to await a progress report.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Management at LpWSC had put up a mechanism to contain the leakages on the water network to reduce on revenue losses and ensure that the process of upgrading the infrastructure expedited.

Committee's Observation and Recommendation

The Committee notes the Controlling Officer's submission that LpWSC had 100 percent metering and was also implementing a new billing system to cut down on the billing inefficiency. Management had also formed a leak detection team to try and arrest the physical losses. The Committee resolves to await a progress report on the matter.

ii) Failure to Attain Metering Ratio Benchmark

The previous Committee recommended the matter for closure and requested the auditors to note the matter in future audits.

Treasury Response

In response, the Treasury submitted that the matter was noted and recommended for closure.

Committee's Observation and Recommendation

The Committee resolves to keep the matter open.

iv) Sanitation Coverage

The previous Committee urged the Controlling Officer to ensure that the sanitation coverage which stood at 14 percent while the sector benchmark was at 80 per cent was resolved expeditiously. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until solid waste management was conclusively enhanced.

Committee's Observation and Recommendation

The Committee reiterates the previous Committee's recommendation and strongly urges the Controlling Officer to ensure that the sanitation challenges are expeditiously resolved. The Committee will await a progress report.

v) Water Supply Coverage

The previous Committee urged the Controlling Officer to ensure that the water supply coverage which stood at 20 per cent as compared to the sector benchmark of 80 per cent was improved expeditiously. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until water supply coverage was enhanced to increase the revenue base of the Company.

Committee's Observations and Recommendations

The Committee observes with concern the low rate of water supply coverage which stood at twenty per cent as opposed to the sector benchmark of eighty per cent. The Committee strongly urges the Controlling Officer to ensure that the company is capitalised to enable it

undertake major investments to improve the water supply coverage. The Committee resolves to keep the matter open.

v) **Hours of Supply**

The previous Committee urged the Controlling Officer to find a lasting solution concerning the problem of hours of water supply which stood at 9hours as opposed to the sector benchmark of 18hours which when improved would increase the revenue base of the Company. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until hours of water supply were improved to increase the revenue base of the company.

Committee's Observation and Recommendation

The Committee urges the Controlling Officer to re-engage ZESCO on the supply of power to the Company which was one of the main causes of less hours of water supply as indicated in the Controlling Officer's response. The Committee resolves to await a progress report on the matter.

Paragraph 13

Paragraph 12

42.0 LUSAKA WATER AND SEWERAGE COMPANY (LWSC)

42.1 Management Information Systems

i) Lack of Risk Management Framework

The previous Committee resolved to close the matter, subject to audit verification following the submission by the Controlling officer that LWSC had included the Enterprise Risk Management (ERM) in the company's five year strategic plan for the period 2014 to 2018 which was approved by the Board in 2013.

Treasury Response

In response, the Treasury recommended the matter for closure considering that the Company had incorporated the Enterprise Risk Management (ERM) in its five (5) year strategic plan for the period 2014 to 2018.

Committee's Observations and Recommendations

The Committee resolves to keep the matter open.

ii) Lack of Business Continuity Plan (BCP)/Disaster Recovery Plan (DRP)

The previous Committee resolved to close the matter subject to audit verification on the Controlling officer's submission that LWSC had since set up the disaster recovery site and renovation of an office for the Disaster Recovery Site was complete.

Treasury Response

In response, the Treasury recommended the matter for closure considering that the company had addressed the issue at hand.

Committee's Observations and Recommendations

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

42.2 Non-Revenue Water (NRW).

The previous Committee resolved to await a progress report, following the submission by the Controlling Officer that this matter had been prioritised by the Company in its strategy to be implemented over the next five years.

Treasury Response

In response, the Treasury submitted that the Company was implementing the Non-Revenue Water (NRW) strategy with the support of Government and other Multilateral Financers. Therefore, the matter was considered closed.

Committee's Observations and Recommendations

The Committee notes the strides made by the Company and resolves to await a progress report on the reduction in non revenue water.

Paragraph 14

Paragraph 13

43.0 MOFED TANZANIA LIMITED

43.1 Board Related Issues

i) Questionable Payments

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the office of the Auditor General and recommended that it remained outstanding until the authority for the extra days for the Chairperson of the Finance Committee was availed for audit scrutiny.

Committee's Observation's and Recommendation's

The Committee finds it unacceptable that Management could not avail the documents authorising the officers to spend extra days in Dar es Salaam as opposed to spending two days. The Committee resolves to await a progress report on the documents authorising the officers to spend twenty three days in Dar es Salaam as opposed to the initial two days.

ii) Failure to Avail Board Approval

The previous Committee resolved to close the matter, subject to audit verification following the Controlling Officers response that the Board had approved the payment of US\$1,400 for two board members for the special Board assignment to design an Organogram as per clause 7.2 of the 12th Board meeting.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it remained outstanding until the signed Board minutes were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and urges the Controlling officer to caution Management against their failure to provide documents during the audit process. It resolves to await a progress report.

iii) Payment of Sitting Allowances – K522, 621,000 (US\$95,022)

The previous Committee urged the Controlling Officer to ensure that Management of MOFED Limited paid attention to the audit process considering that the query arose as a result of the failure by the Management of MOFED to avail supporting documents in respect of activities that were performed on its behalf. The Committee resolved to close the matter subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until minutes to support the payments of allowances were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee takes note of the Controlling Officer's response when he appeared before the previous Committee that the expenses were for board related activities. However the Committee is concerned about the failure to avail signed minutes, and finds it unacceptable that Board minutes should take longer than necessary to be signed. The Committee resolves to await a progress report on the matter.

iv) Questionable Payment of Allowances

The previous Committee recommended that the amount spent to pay allowances on the event be recovered as there was no proof that a dividend had been declared by the Company and, therefore, any expenditure incurred was deemed irregular and wasteful. The Committee, resolved to await a progress report.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remains outstanding until the amounts spent on the event of handing over the declared dividend were recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee finds it unacceptable that Management could not avail the signed minutes regarding the payment of allowances to Board members who were supposed to hand over the cheque for dividend payment to the Ministry of Finance. The Committee resolves to await a progress report on the refund of the allowances that were paid to Board members.

43.2 Staff Related Matters

i) Irregular Sale of Household Goods

The previous Committee directed that the practice to retrospectively ratify decisions should not be repeated in future following the Board's decision to have ratified a decision to furnish the CEO's house. The Committee resolved to keep the matter open until the retrospective authority was availed for audit scrutiny.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the retrospective authority from the Board to furnish the CEO's House was availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee finds it highly unacceptable that the Board could authorise to furnish the Chief Executive's Office. This was contrary to the conditions of service. The Committee resolves not to close the matter but await an update on provision of the retrospective authority from the Board to furnish the CEO's House.

ii) Failure to obtain Board approval for purchase of Household Goods

The previous Committee resolved to close the matter, subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the retrospective authority from the Board to furnish the CEO's House was availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee finds it unacceptable that Management furnished the CEO's house without the Board's approval. The Committee sternly warns the Controlling Officer to ensure that such an anomaly does not recur in future. The Committee resolves to await an update on the retrospective authority from the Board.

iii) Sale of Motor Vehicle to the Former CEO

The previous Committee urged the Controlling Officer to immediately take disciplinary action against the officers responsible for this transaction. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Sale of the Motor Vehicle to the Former CEO was tabled before the Board of Directors and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes that in as much as the sale of the motor vehicle was provided for in the conditions of service for the CEO, the sale of the personal to holder vehicle did not have the Board's approval. The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

43.3 Questionable Payment

The previous Committee urged the Controlling Officer to ensure that the funds were recovered without any further delay and that the Controlling Officer should take decisive action. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the funds were recovered from the accounting officer and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes with serious concern that the matter of a questionable payment to the tune of US\$2,268 has not received the attention it deserves. The Committee notes that the Controlling Officer's response when he appeared before the previous Committee that Management would contact the former acting CEO to assist with the supporting documentation regarding the payment in question. The Committee recommends that the Controlling Officer should engage investigative wings of Government to follow up on the issue and that the officer who did not retire utilisation of the \$3,732 should be made to repay the amount in question. The Committee resolves to await an update on the matter.

43.4 Inadequately Supported Payments

The previous Committee urged the Controlling Officer to ensure that Management took disciplinary action against the Officers responsible for the failure to ensure that payments were adequately supported as required by Financial Regulations. The Committee further urged the Controlling Officer to ensure that the payments that had remained unsupported were supported without further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the supporting documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee finds it unacceptable that documents were not availed during audit when in fact the auditors gave ample notice before conducting an audit and therefore recommends that officers who are found responsible of this omission are sternly punished so as to deter others. The Committee will await progress on the matter.

43.5 Unretired Imprest K964, 138

The previous Committee cautioned the Management of the Company against the failure to strengthen the institution's Internal Controls in respect of the management of imprest and held the management of the Company responsible for this state of affairs where staff were not retiring imprest. The Committee resolved to await a progress report on the recovery of all outstanding imprest.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until imprest amounting to K964, 138 was recovered from the respective Officers and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee finds it unacceptable that Management has been allowing officers to retire imprest beyond the stipulated time frame indicated in the Financial Regulations for MOFED. The Committee recommends that officers who do not retire imprest at the right time should be made to pay the entire disbursed amount and resolves to await a progress report.

43.6 Missing Receipt Books

The previous Committee urged the Controlling Officer to ensure that measures were put in place to ensure safe custody of accounting documents such as receipt books as opposed to the prevailing status expressed where there was poor custody of accounting documents at the Company, which if not checked, could lead to loss of public funds. The Committee resolved to close the matter subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the office of the Auditor General and recommended that it remained outstanding until the traced receipts books were availed for audit scrutiny and the loss report was completed for the missing receipt book.

Committee's Observations and Recommendations

The Committee finds it unacceptable that receipt books could go missing and urges the Controlling Officer to sternly warn Management against such lapses. The Committee resolves to await a progress report on the traced receipts books which are to be availed for audit scrutiny.

43.7 Engagement of a Consultant without a Contract

The previous Committee urged the Controlling Officer to ensure that procurement guidelines were strictly adhered to by the Company in all future procurements as opposed to faulting tender procedures as when they had contracted TAC Associates to revise manuals on MOFED Financial

Regulations and Accounting at a total sum of US\$25,000. The Committee recommended that disciplinary action should be taken against the Officers who failed to adhere to tender procedures. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until disciplinary action was taken against the erring officers.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations and resolves to await a progress report on the disciplinary action to be meted out against the erring officers.

43.8 Non Functional Network

The previous Committee cautioned Management against undertaking projects without undertaking due diligence as was the case were it had spent a colossal sum of K108, 350,000 (US\$19,700) on a net work installation project that was non functional rendering such expenditure wasteful. The Committee urged Management to resolve the matter and would await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Controlling Officer resolved the matter on the Non Functional Networks and details should be availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations and further urges the Controlling officer to ensure that if the installed network did not work the funds should be reimbursed. The Committee resolves to await a progress report.

43.9 Wasteful Expenditure US\$4,745.53

The previous Committee urged the Controlling Officer to ensure disciplinary action was taken against the erring Officers who were responsible for the wasteful expenditure due to inefficiency. The Committee resolved to close the matter subject to verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until disciplinary action was taken against the erring Officers and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the disciplinary action to be meted out against the erring Officers.

43.10 Wasteful Expenditure - Additional Storage Charges For Fertilizer

The previous Committee resolved to await a progress report following the Controlling Officer's submission that the excess payment made by the Company had since been billed to Nitrogen Chemicals of Zambia Limited, who had indicated that they were waiting for funds from the Ministry of Finance.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Nitrogen Chemicals of Zambia Limited settled the storage costs and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the outstanding payment owed by Nitrogen Chemicals of Zambia.

Paragraph 15

Paragraph 14

44.0 THE MUKUBA HOTEL

44.1 Failure to Prepare Annual Reports

The previous Committee resolved to await a progress report on the preparation of the outstanding annual reports for the financial years ended 31st March 2011, 2012 and 2013 as of August 2014.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the annual reports for the financial years ending 31st March, 2011, 2012 and 2013 were prepared and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes with concern that failure to prepare financial returns is abrogation of the provisions of the Public Finance Act and that Management should endeavor to expeditiously prepare the outstanding financial returns. The Committee resolves to await a progress report.

44.2 Financial Performance - Statement of Comprehensive Income

The previous Committee urged the Controlling Officer to work closely with the Management and Board of the Hotel to improve the performance of the Hotel so that the hotel could benefit from the flourishing hospitality industry that offered good opportunities. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Hotel had improved its financial performance.

Committee's Observations and Recommendations

The Committee finds it unacceptable that management could increase salaries for its employees leading to an increase in staff related costs leading to a loss of K 2,614,594,000. The Committee urges the Controlling officer to ensure that Management takes prudent decisions to ensure that the financial performance is improved. The Committee resolves to await a progress report.

44.3 Statement of Financial Position

i) Liquidity

The previous Committee urged the Controlling Officer to work closely with the Board and instruct them to ensure that concrete measures were taken to reverse and turn around the situation at the Hotel .The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until concrete measures were taken to improve the liquidity position of the Hotel.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's observation and strongly urges the Controlling Officer to ensure that Management implements all its proposed strategies that are aimed at improving the Hotel's liquidity position. The Committee resolves to await a progress report on the matter.

ii) Poor Debt Management

The Previous Committee urged the Controlling Officer to work closely with the Board and to ensure that the new Management effectively implemented the credit policy. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the credit policy was effectively implemented by the Hotel.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the effective implementation of the Hotel's credit policy.

44.4 Non and Late Remittance of Statutory Contributions and Taxes

The previous Committee resolved to await a progress report on the matter following the Controlling Officers submission that efforts were being undertaken to resolve the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the statutory obligations were liquidated.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and further urges the Controlling Officer to ensure that Management is up to date with the payment of statutory obligations. The Committee resolves to await a progress report on the matter.

44.5 Lack of Title Deeds to Land and Buildings

The previous Committee resolved to await a progress report on the acquisition of title deeds for the Hotel whose ownership was held by Zambia International Trade Fair's (ZITF).

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Title was obtained for the Building and Land on which the Hotel stands.

Committee's Observations and Recommendations

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

44.6 Failure to Recover Loans/ Advances from Separated Employees

The previous Committee resolved to close the matter subject to audit verification following the Controlling Officer's submission that the Hotel did not issue any loan/ advances to the separated employees, except that it had acted as an agent for National Savings and Credit Bank (NATSAVE) by making recoveries.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the reconciled books were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to keep the matter open and will await audit verification.

44.7 Unaccounted for Stores

The previous Committee urged the Controlling Officer to ensure that the unaccounted for stores were account for without any further delay and expressed concern that the Management had not done much to find the missing supporting documents .The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the supporting documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee finds it unacceptable that documents had gone missing due to poor record keeping and lack of follow-up on receipts after payments were made. The Committee urges the Controlling Officer to institute disciplinary measures in future on officers found responsible. The Committee resolves to await a progress report on the missing documents.

44.8 Inadequately Supported Payment Vouchers

The previous Committee urged the Controlling Officer to ensure that the missing supporting documents were found without any further delay and expressed concern that Management had not done much to find the missing documents. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the payments were adequately supported and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee recommends that punitive action should be meted on officers who were responsible for this anomaly, and resolves to await a progress report on the matter.

44.9 Unretired Imprest K 48, 503

The previous Committee urged the Controlling Officer to ensure that the imprest in question which had remained unretired for such a long time was retired without any further delay and punitive action taken against erring officers. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the imprest was retired and the retirement details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations and resolves to await a progress report.

Paragraph 16

Paragraph 15

45.0 NATIONAL HOUSING AUTHORITY (NHA)

45.1 Failure to Submit Annual Report to the Minister

The previous Committee strongly recommended that disciplinary action be taken against the officers who failed to produce Financial Statements timely. Additionally, Management was urged ensure that Financial Statements and annual reports were submitted to the Minister and subsequently tabled in Parliament without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Financial Statements and Annual Reports were tabled by the Minister before Parliament.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the 2012 and 2013 Financial Statements that were still in draft form. The Committee strongly urges the Controlling Officer to caution Management against submitting the financial statements beyond the stipulated.

45.2 Non Remittance of Statutory Contribution

The previous Committee urged the Controlling Officer to continue impressing upon the Authority to remit statutory obligations timely to avoid being charged penalties. The Committee also reiterated the need for NHA to enter into a flexible payment plan without delay with ZRA. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all statutory obligations were liquidated and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee notes with concern the delay by NHA to pay the statutory obligations owed to ZRA, LASF and NAPSA. The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

45.3 Failure to Produce Title Deeds

The previous Committee urged the Controlling Officer to ensure that title deeds for all properties belonging to NHA were obtained without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the title deeds for all properties belonging to NHA were obtained and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the acquisition of title deeds.

45.4 Maintenance Policy

The previous Committee urged the Controlling Officer to ensure that a maintenance policy was put in place to ensure that properties were well maintained contrary to the current scenario where

buildings belonging to NHA were dilapidated. The Committee resolved to await a progress report.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the maintenance policy was put in place to ensure that properties were well maintained by the Authority.

Committee's Observations and Recommendations

The Committee noted the response that NHA had prepared a draft Maintenance Policy, and had budgeted for remedial works in its Annual Work Plan for 2015. The Committee resolves to close the matter subject to audit verification.

45.5 Failure to Implement Board Resolution to Increase Rentals

The previous Committee urged the Controlling Officer to ensure that Board resolutions were implemented without delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Board resolutions were implemented.

Committee's Observations and Recommendations

The Committee takes note of submission from the Controlling Officer and resolves to await progress a report on the resolution to increase rentals.

45.6 Failure to Collect Income from Rentals and Sale of Property

The previous Committee urged Management for NHA through the Controlling Officer to aggressively pursue the collection of debts in order to alleviate liquidity problems the Authority was experiencing. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it remained outstanding until all debts were collected and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes the strides made by NHA, and resolves to await a progress report on the remaining K35, 010.15 which NHA was pursuing from its tenants. The Committee will also wait for a progress report on the payments from the purchasers of plots with outstanding balances of K55, 000.

45.7 Construction of Constituency Offices

i) Unacquitted Wages

The previous Committee recommended that disciplinary action to be meted on erring Officers that failed to acquit the gang labour .The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all acquittal sheets were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation to discipline the erring officers and resolves to await progress report.

ii) Unretired Imprest

The previous Committee urged the Controlling Officer to ensure that erring Officers were disciplined. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the imprest was retired and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that documents are availed to the auditor during audit and not after an audit was undertaken. The Committee further urges the Controlling Officers to ensure officers who did not retire imprest during the stipulated period were made to refund the money. The Committee resolves to await progress on the retirement of imprest.

iii) Irregular Use of Imprest to Procure Building Materials

The previous Committee urged the Controlling Officer to ensure that erring Officers were disciplined. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was noted and considered closed.

Committee's Observations and Recommendations

The Committee resolves to keep the matter from in view of future audits.

Paragraph 17

Paragraph 16

46.0 NKANA WATER AND SEWERAGE COMPANY (NWSC)

46.1 Financial Performance – Statement of Comprehensive Income

The previous Committee urged the auditors to note the matter in future audits.

Treasury Response

In response, the Treasury submitted that the matter was noted and considered closed by the Committee and urged the Office of the Auditor General to keep it in view during future audits.

Committee's Observations and Recommendations

The Committee notes the strides undertaken by management to reduce losses that were attributable to various factors among them low tariffs, unbilled customers, and dilapidated infrastructure among others. The Committee urges the Controlling Officer to ensure that Management implements all its planned strategies and resolves to keep the matter open.

46.2 Financial Performance – Statement of Financial Position

i) Non Servicing of Debt – Multilateral Loans

The previous Committee urged the Controlling Officer to pursue the recapitalisation exercise of the Company in order to improve the current alarming situation. The Committee further urged the Government to find a lasting solution to the issue of loans which were part of the amounts that were written off upon attainment of the Highly Indebted Poor Countries (HIPC) completion point expeditiously. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Government found a lasting solution to the issue of loans which were part of the amounts that were written off upon attainment of the Highly Indebted Poor Countries (HIPC) completion point.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that the outstanding loans are written off the books for NWSC, considering that these loans were part of the amounts that were written off upon attainment of the Highly Indebted Poor Countries (HIPC) Completion Point. The Committee resolves to await a progress report on the matter.

46.3 Kalulushi Water Treatment Plant

i) Partial Implementation of Stakeholders Resolutions

The previous Committee urged the Controlling Officer to pursue KCM for payment of the amount agreed upon for the increased cost of pumping good quality water from Kitwe and Kalulushi. The Committee further urged the Controlling Officer to move in expeditiously to have the issues resolved and to ensure that ZEMA prosecuted KCM without any further delay. The Committee resolved to await a progress report.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until evidence was availed to show that ZEMA had started prosecuting KCM for polluting the water table.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

46.4 Construction of Infrastructure on Private Land - Water Intake Facility

The previous Committee urged the Controlling Officer to intervene and resolve the issue amicably with the owner of the land. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the matter was resolved with the private Land owner.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

Paragraph 18

Paragraph 17

47.0 PATENTS AND COMPANIES REGISTRATION AGENCY (PACRA)

47.1 No formally Documented Standards and Procedures for ICT in the Organisation

The previous Committee resolved not to close the matter until the ICT policy was adopted by the Board of PACRA. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the adopted CoBIT 5 framework which provided for standards and the procedure regarding management of ICT was availed for audit scrutiny.

Committee's Observations and Recommendations

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

47.2 Non Recovery of Staff Debtors K 39,869.15

The previous Committee resolved to await a progress report on the recovery of the debt.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the balance of K39, 869.15 was recovered from the former Employees.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the payment of the outstanding balance of K 39,869.15.

47.3 Late and Non-Payment of NAPSA Contributions

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the reconciliation process between PACRA and NAPSA was concluded and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the reconciliation process between PACRA and NAPSA records.

Paragraph 19

Paragraph 18

48.0 THE PUBLIC SERVICE PENSION FUND BOARD (PSPFB)

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

The previous Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) were approved by the Board.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

48.2 Lack of Change Management Procedures

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the documented Change Management Procedures for handling and administering the changes to the IT system was availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

48.3 Failure to Claim Withholding Tax (WHT) from ZRA

The previous Committee urged the Controlling Officer to take all necessary steps in order to have all the Withholding Tax refunded. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Withholding Tax (WHT) was refunded and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the refund of Withholding Tax.

48.4 Insolvent Pension Fund

The previous Committee affirmed the proposal to undertake major reforms in the pension system that would provide a long term solution to the sector. The Committee, therefore, urged the Controlling Officer to expedite the reforms in order to prevent the looming crisis in the pension system in the country. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Government undertook major reforms in the Pension System to provide a long term solution to improve the insolvency of the Fund.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

48.5 Increasing Dependence Ratio

The previous Committee urged the Government to expedite the reforms in order to prevent a looming crisis in the pension system in the country following the increase in the dependence ration from the acceptable standard, of one pensioner to at least five contributing members and not one pensioner to one contributing member. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Government undertook major reforms in the Pension.

Committee's Observations and Recommendations

The Committee observes with concern the increase in the dependence ration and urges the Secretary to the Treasury to expedite the process of implementing reforms in the pension system and will await a progress report.

48.6 Investment in Excess of 20 per cent of Net Assets

The previous Committee resolved to await a progress report on the matter, as regards to why the Fund invested in excess of 20 per cent of net assets.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Fund grew its Investment Portfolio.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation to await a progress report on the matter.

48.7 Debtor Balances - Trend Analysis

The previous Committee urged Management not to relent but to continue to pursue the payment of the outstanding rentals. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the rental arrears were collected and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the rental arrears, and urges the Controlling Officer to engage all relevant authorities to ensure that the issue is resolved.

48.8 Outstanding Pension Contributions

The previous Committee urged the Controlling Officer to emphasize to the Ministry of Finance on the need to be current with the remittances of the Defense Wings as the failure to remit the employer's contributions to the Fund impacted the Fund negatively on the operations of the Board. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Employers contribution arrears were liquidated and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and urges the Secretary to Treasury to ensure that this issue is resolved expeditiously.

48.9 Outstanding Retirement Benefits

The previous Committee affirmed the Controlling Officers proposal that only long term measures involving major reforms to the pension system in the country would help to address the numerous challenges that the sector was facing. The Committee urged the Controlling Officer to expedite the process of undertaking the reforms. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Government undertook major reforms in the Pension System to provide a long term solution in order to clear the outstanding Pension benefits.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the reforms being undertaken in the pension system, and urges the Government to expedite the process.

Paragraph 20

Paragraph 19

49.0 ZAMBIA NATIONAL BUILDING SOCIETY (ZNBS)

49.1 Questionable Payment of Allowances to Board Members

The previous Committee urged the Controlling Officer to ensure that the minutes of the meetings were availed to Auditors, failure to which the payment of allowances to Board Members would be

considered irregular and, therefore, recoverable. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Board Members had refunded the questionable fees paid.

Committee's Observations and Recommendations

The Committee observes with concern the failure to avail the Board meeting minutes. The Committee resolves to await a progress report on the refund of the questionable fees paid.

49.2 Weaknesses in Managing Loans and Advances

i) Weaknesses in Managing Mortgages - Insider Lending

The previous Committee urged the Controlling Officer to strictly adhere to provisions of *Statutory Instrument (SI) No. 97 of 1996*, and that disciplinary action should be taken against Management for failure to adhere to the provisions of the *Statutory Instrument (SI) No. 97 of 1996*. The Committee did not accept the submission by the Controlling Officer that following laid down procedures would make the Society uncompetitive as this provision was in respect of Staff Loans. The previous Committee resolved to await a progress report on the response from Bank of Zambia.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the staff loans were ratified by the Board and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on staff loans that were not ratified by the Board, and will await an update on the matter.

ii) Failure to Take Possession of Repossessed Mortgaged Property

The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding since the survey report indicated that there

was a complete house inside the property on the northern part occupied by squatters, while the southern part was covered by the wall fence. In addition, the beacon was closer to the frontage of the chain of flats for squatters and the remaining part of the plot had a big ditch used for dumping rubbish.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the repossession of the property.

iv) Uncleared Suspense Account

The previous Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the schedules of the individual beneficiaries that made up the amounts in the suspense accounts were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the individual beneficiaries' amount in the suspense accounts.

v) Weaknesses in Reconciling Bank Accounts

The previous Committee urged the Controlling Officer to ensure that there was enhanced supervision of the accounting system as there was significant weakness in the reconciliation of bank accounts which was unacceptable. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the five (5) items in amounts totalling K10, 644.20 were reconciled and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the 5 items totaling K10, 644 which were not reconciled.

vi) Deposits Recognized in Cashbook but not received by the Banks

The previous Committee urged the Controlling Officer to ensure that internal controls were strengthened and that disciplinary action meted on all officers who erroneously mis-posted the amounts totaling K1,609, 702 which were recognised in the cashbooks of three branches but did not reflect in the Bank statements which lead to an overstated cashbook balance. The Committee therefore, urged the Controlling Officer to address the matter without further delay and provide a progress report.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it be closed since the Society had reconciled K1, 121,068 out of the outstanding balance leaving a balance of K27, 545.87 which will be reviewed during future audits.

Committee's Observations and Recommendations

The Committee expresses concern that there is still an outstanding balance of K27, 545.87 and urges the Controlling Officer to ensure that this matter is resolved conclusively. The Committee resolves to keep the matter open.

vii) Payments Recognised by Banks but not by the Society K 142,469

The previous Committee urged the Controlling officer to ensure that proper systems were put in place to enable the Society manage reconciling payments and urged the Controlling Officer to ensure that Management resolved the matter. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the payments in amounts totalling K142, 469 were reconciled and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and urges the Controlling Officer to ensure that the matter is resolved conclusively. The Committee will await a progress report.

49.3 Procurement of Goods, Works and Services K 366,824

i) Inadequately Supported Payments

The previous Committee resolved not to close the matter until all the payments were adequately supported. The Committee found it unacceptable that the Society, which had qualified staff, failed to maintain supporting documents as required by financial regulations. The Committee resolved to await a progress matter on this matter.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until supporting documents for payments amounting to K366, 824 were traced and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee is greatly concerned with this lack of seriousness in handling of financial issues. The Committee urges the Controlling Officer to take disciplinary action on officers responsible for the failure to avail documents, and resolves to await a progress report.

Paragraph 21

Paragraph 20

50.0 ZAMBIA POSTAL SERVICE CORPORATION (ZAMPOST)

50.1 Failure to Appoint a Representative from the Zambia Federation of Employers on the Board

The previous Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until a Board representative from the Zambia Federation of Employers was appointed.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

50.2 Failure to Prepare Annual Reports

The previous Committee urged the Controlling Officer to ensure that the Corporation was current with the preparation of audited financial statement by the end of 2015, as assured by the

Controlling Officer in his response. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until audited Financial Statements were available for audit scrutiny.

Committee's Observations and Recommendations

The Committee strongly urges the Controlling Officer to ensure that disciplinary action is meted out on officers responsible, and resolves to await a progress report on the matter.

50.3 Non-Remittance of Statutory Contributions and Taxes

The previous Committee urged the Management of the Corporation to consider entering into a time-to-pay agreement in order to reduce the burden by avoiding penalty charges. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all Statutory Contributions and Taxes were liquidated and details available for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await an update on the matter.

50.4 Financial Performance-Statement of Comprehensive Income

The previous Committee resolved to close the matter, subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the financial position of the corporation was improved.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the financial position of the corporation.

50.5 Statement of Financial Position

i) Liquidity Position

The previous Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the liquidity position of the Corporation was improved.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

ii) Unsupported Provision for Bad Debts

The previous Committee urged the Controlling Officer to ensure that the credit policy was approved by the Board in order to provide guidance to Management on debt management. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the credit policy was approved by the Board in order to provide guidance to Management on debt management and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the Credit Policy awaiting approval by the Board.

50.6 Misappropriation of Funds - Livingstone Post Office

The previous Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the police investigations were concluded.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the investigations by the police regarding the recovery of the funds from dismissed staff.

Paragraph 21

Paragraph 21

51.0 ZAMBIA TELECOMMUNICATIONS COMPANY LIMITED (ZAMTEL)

51.1 Management Information System

The previous Committee urged the Controlling Officer to ensure that an IT strategic plan was developed and implemented without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until an IT strategic plan was developed and implemented.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the formulation of an IT strategic plan.

i) Lack of an IT Steering Committee

The previous Committee strongly urged the Controlling Officer to take keen interest in the matter and ensure that the steering committee was put in place without any further delay so as to ensure that the institution resolved the numerous ICT irregularities. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until an IT Steering Committee was constituted.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

ii) Lack of an Information Security Policy

The previous Committee urged the Controlling Officer to ensure that the matter was urgently resolved as it had taken an unacceptable inordinate time to resolve. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Information Security Policy was put in place and details availed for audit scrutiny.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the matter is resolved and will await an update on the matter.

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

The previous Committee urged the Controlling Officer to ensure that corrective action was taken. The Committee resolved to await a progress report on the matter.

Treasury Response

The matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) was put in place and details availed for audit scrutiny.

Committee’s Observations and Recommendations

The Committee finds it unacceptable that an entity like ZAMTEL can be operating without a BCP & DRP. The Committee strongly urges the Controlling Officer to ensure that this matter is resolved and will await a progress report.

51.2 Statement of Comprehensive Income and Expenditure – Profitability

The previous Committee urged the Government through the Controlling officer to clearly state its position as it was not clear how the matter had been treated in the books regarding the amount classified as shareholder loan. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Shareholder loan classification was resolved and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await an update on the matter.

51.3 Statement of Financial Position

i) Liquidity

The previous Committee urged the Controlling Officer to ensure that the Management put in place a turnaround strategy to address the liquidity problems the Company was undergoing. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the liquidity position of the Company was improved.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the liquidity position of Zamtel.

ii) Government Funding

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Shareholder loan classification was resolved and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

iii) Trade and Other Receivables K 29,299,546

The previous Committee urged the Controlling Officer to liaise closely with the Treasury to ensure that the amounts totalling K29,299,546 in respect of unpaid telephone bills by various Government ministries were paid to Zamtel without further delay. The Controlling officer was also urged to ensure that a lasting solution was arrived at on how the repayment system could be strengthened. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Government settled the K29,299,546 debt and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the settling of the K29, 299,546 debt owed by Government.

iv) Under Statement of Inventories and Receivables

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the inventory amounting to K37b was reconciled and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the inventory amounting to K37 billion and K124 billion provision for bad debts.

v) Trade and Other Payables

The previous Committee resolved to close the matter, subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the ZICTA license fees were settled.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the settling of the ZICTA license fees.

51.4 Lack of Title Deeds

The previous Committee urged the Controlling Officer to assist Zamtel Management to resolve the matter which the committed considered to be a very serious omission, without any further delay as the Company risked losing the properties in question which had no title deeds as there

was no proof of ownership especially during privatisation. The Committee resolved to await a progress report.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until title deeds were obtained for all the properties and availed for audit scrutiny.

Committee's observations and recommendations

The Committee resolves to await a progress report on the acquisition of title deeds for the 159 properties.

51.5 Failure to Seek Attorney General's Approval

The previous Committee strongly urged the Attorney-General to consider revisiting the blanket authority which had been granted to parastatals as it had been observed that, it left room for abuse by the Parastatals. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Attorney General revisited the blanket authority granted to the Company to avoid abuse by Parastatals.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations and resolves to await a report on the reversal of the blanket authority granted by the Attorney General.

51.6 Unoccupied Provident House

The previous Committee urged the Controlling Officer to ensure that the cost of care and maintenance did not escalate to unmanageable amounts as the Government was taking too long to refurbish the properties. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Building was refurbished to increase occupancy.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations and urges the Controlling Officer to expedite the process of renovations.

51.7 Neglected Engineering warehouse and general stores

The previous Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until suitable tenants were found.

Committee's Observations and Recommendations

The Committee expresses concern on the deplorable state of the public infrastructure. The Committee resolves to await a progress report.

51.8 Abandoned Kitwe Town Centre Plot

The previous Committee urged the Controlling Officer to ensure that there was clarity on the ownership of the tank as his submission before the Committee had been misleading. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the ownership of the tank was resolved.

Committee's Observations and Recommendations

The Committee resolves to await the progress report on the matter.

51.9 Neglected Parklands Workshop

The previous Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Property was leased out to avoid further dilapidation.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the process of considering the proposals and ensure that the property is leased out. The Committee will await a progress report on the matter.

Paragraph 21

Paragraph 22

52.0 ZAMBIA CONSOLIDATED COPPER MINES INVESTMENTS HOLDINGS

52.1 Weakness in Corporate Governance

The previous Committee resolved to close the matter subject to audit verification. The Committee however requested the Office of the Auditor-General to keep the matter in view in future audits.

Treasury Response

In response, the Treasury submitted that the matter was noted and considered closed.

Committee's Observations and Recommendations

The Committee observes with concern that the issue of weakness in good corporate Governance was not handled and urges the Controlling Officer to provide a progress report.

52.2 Failure to Formalise the Role of the Executive Director

The previous Committee urged the Controlling Officer to ensure that the abolition of the position of Executive Chairperson was effected without delay so as to avoid the prevailing anomaly which had been created by the majority shareholder who appointed the Executive Chairperson against the Board Charter of the Company. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the position of the Executive Chairperson was revised.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the abolition of the position of Executive Chairperson.

i) Under utilisation of the Internal Audit Function

The previous Committee urged the Controlling Officer to ensure that the matter was normalised to ensure that the management of the Company started to pay due attention to the internal audit function, so as to reduce avoidable risks. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Internal Audit functions were normalised.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the effective utilisation of the Internal Audit functions.

52.3 Failure to Approve Terms and Conditions of Service for Executive Chairman

The previous Committee urged the Controlling Officer to ensure that prevailing situation at the Company was expeditiously resolved as it was not only against good Corporate Governance but also in contravention of the Board Charter. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Corporate Governance was enhanced to clearly provide the roles of the Shareholders, Board of Directors and Management.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation to await a progress report.

i) Income - Failure to Enforce Settlement Agreement with Konkola Copper Mines (KCM)

The previous Committee urged the Controlling Officer to aggressively pursue the matter to its logical to ensure that KCM honoured its obligations. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until KCM honoured its obligation as per the signed agreement.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation, and resolves to await a progress report on KCM's honouring of the obligations.

ii) Administration Expenses - Outsourcing of Legal Services on Conveyance

The previous Committee urged the Controlling Officer to ensure that the decision to outsource legal services on conveyance was reviewed as it was imprudent to pay out K8,869,816 within a period of one year and eleven months which was far much more compared to the cost of running an in-house legal service on legacy obligations which was costing the Company an average of K907,156.92 per annum in salaries for all the twenty-six members of staff and that it did not serve the shareholder's interest. The Committee, further, urged the Controlling Officer to revise the contract to include an option to terminate the out sourced legal services and to report the matter to investigative wings for further probe. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the decision to outsource legal services was reviewed so that shareholder interests could be better served.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and urges the Controlling Officer to expeditiously review the issue of outstanding legal services. The Committee will await an update on the matter.

iii) Administration Expenses - Outsourcing of the Environmental and Technical Services

The previous Committee urged the Controlling Officer to ensure that the decision to outsource the Environmental and Technical Services was reviewed urgently to examine its viability as it was the Committee's considered view that Management and the Board did not undertake a cost benefit analysis before taking this decision.. The Committee resolved to await a progress report and urged auditors to keep the matter in view in future audits.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the decision to outsource Environmental and Technical Services was reviewed so that shareholder interests could be better served.

Committee's Observations and Recommendations

The Committee expresses disappointment at Management's decision making and urges the Controlling Officer to caution Management against such. The Committee resolves to await a progress report on the matter.

iv) Lack of Environmental Specialists at ZCCM –IH

The previous Committee urged the Controlling Officer to work with the Company to find a solution to the matter, as the Committee found it unacceptable that the Company did not have personnel specialised in environmental issues to deal adequately with stakeholders. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Specialised Personnel to handle Environmental issues were recruited.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

52.4 Weaknesses in Loans Management

A review of records revealed that there were weaknesses in the way the loans were being administered. In particular, the following were observed:

i) Non Adherence to the Educational Loan Policy

The previous Committee resolved to close the matter, subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Controlling Officer undertook to comply with the Committee's recommendation.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

ii) Irregular Writing Off of Education Loans

The previous Committee recommended the matter for closure subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Controlling Officer undertook to comply with the Committee's recommendation.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

iii) Failure to Provide Information on Recoveries of Outstanding Educational Loans

The previous Committee urged the Controlling Officer to ensure that the ZCCM IH Board took disciplinary action against the Officers responsible for the failure to avail the documents in respect of the education loans during the audit process. The Committee recommended the matter for closure subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all documents for the recovery of Educational Loans were availed for audit scrutiny.

Committee's Observations and Recommendations

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

iv) Failure to Recover Outstanding Loans – Separated Staff

The previous Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the Loans were recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

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

52.5 Failure to Complete Transfer of Title - Payment of Legal and Other Expenses

The previous Committee urged the Government to consider constituting an inter-ministerial committee to resolve the matter expeditiously as it was the Committee's considered view that unless the issue of title deeds for the sold properties was resolved,

ZCCM IH would continue to incur huge costs in terms of legal and other expenses. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the issue of Title Deeds for the sold properties was resolved.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the issue of title conveyance.

52.6 Under-utilisation of Investments House/Wasteful expenditure on Rental

The previous Committee urged the Controlling Officer to ensure that the Company put all its properties to good use and found it unacceptable that the building was being under-utilised. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the occupancy of the building was increased to improve utilisation.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the occupancy of the Investments House in Kitwe.

52.7 Poor Performing Loans - Ndola Lime Company Limited

The previous Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until Ndola Lime Limited offset the Loan in full.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the outstanding loan owed by Ndola Lime Limited.

52.8 Non-Current assets

i) Assets Not Appearing on Fixed Asset Register

The previous Committee urged the Controlling Officer to ensure that the Management and the Board of ZCCM-IH proactively addressed the matter to have all the properties properly recorded in the registers without any further delay inclusive of properties such as office furniture as failure to do so was a sign of negligence on their part. The Committee resolved to await a progress report on the matter.

Treasury Response

The matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the properties were properly recorded in the Asset Registers of ZCCM-IH.

Committee's Observations and Recommendations

The Committee resolves to await a progress report with regard to the recording of the Assets.

ii) Lack of Title Deeds to Land and Buildings

The previous Committee urged the Controlling Officer to ensure that the issue of obtaining titles for the properties was immediately attended to as it had taken an inordinate time to resolve. The Committee found it unacceptable that title deeds for some properties had gone missing and Management had not taken action against Officers who had not ensured safe custody of the documents. The Committee urged the Controlling Officer to take disciplinary action against the Officers responsible for the anomaly and resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until all the titles deeds for the Properties in question were secured by ZCCM-IH.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the securing of title deeds for all the properties in question.

iii) Non Performing Investments-Lufwanyama Farm

The previous Committee urged the Controlling Officer to ensure that the matter was addressed to avoid further wasteful expenditure as it was the Committee's considered view

that the Management exhibited inertia at the strategic level as they had failed to give a clear policy on the nature of diversification to be undertaken and had let down the shareholders on this matter .The Committee resolved to await a progress report.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it remained outstanding until issues surrounding the management of Investments were addressed.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the issue of the title deed is resolved and that investments are undertaken expeditiously. The Committee will await a progress report on the matter.

52.9 Failure to Generate Cash Inflows from Operating and Investing Activities

The previous Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it remained outstanding until the ZCCM-IH had improved the Investment portfolio of its subsidiaries.

Committee’s Observations and Recommendations

The Committee is concerned about the poor performance of the ZCCH-IH subsidiaries and urges the Controlling Officer to ensure that strategic decisions are undertaken to improve their operations. The Committee will await a progress report.

52.10 Subsidiary Companies

Misenge Environmental and Technical Services Limited

i) Poor Maintenance of Tailing Dumps

The previous Committee urged the Controlling Officer to ensure that adequate funds were secured for legacy environmental issues and also to work with the Company to resolve the matter by finding a lasting solution in as far as the management of mine waste was concerned. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the

Auditor General and recommended it remained outstanding until a lasting solution was put in place to manage mine wastes.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and urges the Controlling Officer to take the matter of waste control seriously. The Committee will await a progress report.

ii) Failure to Remove Mine Waste Materials – Kabwe

The previous Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended it remained outstanding until a lasting solution was put in place to manage mine wastes.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations and resolves to await a progress report.

iii) Mawe Exploration and Technical Services Limited - Failure to Sign Shareholder Loans

The previous Committee urged the Controlling Officer to ensure that the ZCCM-IH changed the way it was dealing with the issue of funding to the subsidiary Company by putting in place proper documentation to support the agreements and terms of repayments. The Committee resolved to await a progress report on the matter.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the ZCCM-IH improved the Investment portfolio of its Subsidiaries.

Committee's observations and recommendations

The Committee is concerned with the failure to perform by all subsidiary companies for ZCCM-IH. The Committee urges the Controlling Officer to find a lasting solution and will await a progress report.

iv) Kariba Minerals Limited - Loss Making Investment

The previous Committee urged the Controlling Officer to consider taking options that would make the business profitable and contribute toward the maximisation of shareholder value and found investment in the Kariba Minerals Limited (KML) by ZCCM-IH unjustifiable as long as the Company remained non profitable.

Treasury Response

In response, the Treasury submitted that the matter was verified by the Office of the Auditor General and recommended that it remained outstanding until the ZCCM-IH had improved the Investment portfolio of its Subsidiaries.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations and resolves to await a progress report.

PART III

Recommendations Of The Committee On Parastatal Bodies On The Treasury Minute Arising From The Report Of The Public Accounts Committee On The Report Of The Auditor General On The Accounts Of Parastatal Bodies And Other Statutory Institutions For The Financial Year Ended 31st December, 2015 For The First Session Of The Twelfth National Assembly Appointed By Resolution Of The House On 26th September, 2015

53.0 Introduction

The Treasury Minute on the Report of the Public Accounts Committee for the First Session of the Twelfth National Assembly contained the Audit Queries raised by the Auditor General, observations and recommendations of the Public Accounts Committee (PAC) and comments and responses of the Ministry of Finance on the report of the Public Accounts Committee on the Report of the Auditor General on the Accounts of the Parastatal Bodies and Other Statutory Institutions for the Financial Year Ended 31st December, 2015 which was adopted on 17th July, 2017.

References on the right margin relate to paragraphs of the Public Accounts Committee's Report, while those on the left hand margin refer to paragraphs of the Auditor General's Report.

54.0 Auditor General's Scope

The Report was as a result of a programme of test checks and reviews of audited accounts of selected Parastatal Bodies and other Statutory Institutions for the Financial Years up to 31st December 2015. In preparing the Report, Controlling Officers and Chief Executive Officers of the affected organisations were availed draft paragraphs for comments and confirmations of the

correctness of the facts presented. Where comments were received and varied materially with the facts presented, the paragraphs were amended accordingly.

Secretary to the Treasury submission

The Secretary to the Treasury submitted that the interaction of the Auditor General with Chief Executive Officers through their Controlling Officers upheld good corporate governance values in the management of Parastatal Bodies and other Statutory Institutions entrusted with the responsibility of managing public resources.

The Secretary to the Treasury in this regard, thanked the Office of the Auditor General for availing vital information in his Report to assist Parliament in its oversight responsibilities with respect to the management of public resources.

55.0 Auditor General's Comment on Internal Control

In this report, specific mention was made of non-preparation of financial statements, failure to remit statutory contributions, weaknesses in procurement procedures, irregular payments and poor financial performance among other issues by the respective organisations. These were clear indicators of internal control lapses in most Parastatal and other statutory organisations.

Secretary to the Treasury submission

The Secretary to the Treasury submitted that the Treasury had assigned the Controller of Internal Audit to review internal control systems in Parastatal Bodies and other Statutory Institutions.

In addition the Board of Directors and Management had been engaged to enhance internal control systems and adhere to the Public Finance Act No.15 of 2004, and the Financial Regulations of 2006, in the management of public funds.

Committee's Observations and Recommendations

The Previous Committee reiterated its position that the Secretary to the Treasury should take practical steps and strengthen the Internal Control systems in the institutions, as abuse of public funds had continued as evidenced by the increase in the number of queries contained in the Auditor General's report over the years, despite assurances from the Secretary to the Treasury that measures to strengthen the evidently weak internal controls would be implemented.

Treasury Response

The Treasury submitted that the matter was noted and the Treasury through the Industrial Development Corporate (IDC) Board will enhance the monitoring and supervision of the Parastatal Bodies and Other Statutory Institutions to enhance the Internal Control Systems as provided for under the Corporate Governance Charter.

Paragraph 4

Paragraph 4

56.0 Institutions that did not Submitted Audited Financial Statements

The secretary to the Treasury submitted on each one of the institutions that were cited for not preparing annual financial statements as set out below.

56.1 Citizens Economic Empowerment Commission

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Board and Management of the Institution to avoid recurrence of this serious breach of Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Secretary to the Treasury submitted that the matter remained outstanding until the financial statements were prepared and availed for audit.

Committee's Observations and Recommendations

The Committee has not received a progress report on the recommendation by the previous Committee. And therefore resolves not to close the matter and would await progress on the preparation on of Financial Statements by CEEC.

56.2 Kaizen Institute of Zambia

The previous Committee urged the Secretary to the Treasury to prevail upon the Management of the Company in order to regularise its financial operations and to ensure that qualified accounting personnel were employed in order to expedite the process of preparing the financial statements. The Committee resolved to await a progress report on the preparation of all the outstanding reports for the period under review.

Treasury Response

The Secretary to the Treasury submitted that the matter remained outstanding until the financial statements were prepared and availed for audit.

Committee's Observations and Recommendations

The Committee agrees with the Treasury and resolves to await a progress on the matter.

56.3 Hotel and Tourism Training Institute Trust

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were finalised without any further delay and to caution the Board and

Management of the Trust to avoid recurrence of this serious breach of Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the audited financial statements were available for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations on the matter and resolves to await a progress report on the matter.

56.4 Tobacco Board of Zambia

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Management of the Board to avoid recurrence of this serious breach of Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the audited financial statements were available for audit scrutiny.

Committee's Observations and Recommendations

The Committee finds it unacceptable that Tobacco Board of Zambia had been cited for failure to prepare Financial Statements for the Financial Year Ended 2014 and 2015. The Committee strongly urges the Secretary to the Treasury to monitor operations at Tobacco Board of Zambia and resolves to await a progress report on the preparation of Financial Statements.

56.5 Food Reserve Agency

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Board and Management of the Agency to avoid recurrence of this serious breach of Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the financial statements were prepared and available for audit.

Committee's Observations and Recommendations

The Committee observes with serious concern that FRA has continued to fail to prepare audited financial statements and urges the Secretary to the Treasury to ensure that disciplinary action is meted on the officer's responsible for this irregularity. The Committee resolves to await a progress on the preparation of the outstanding Financial Statements.

56.6 Nitrogen Chemicals of Zambia

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Board and Management of the Institution to avoid recurrence of this serious breach of Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audited financial statements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee finds it unacceptable that Nitrogen Chemicals of Zambia had been cited for failure to prepare Financial Statements for the Financial Years Ended 2014 and 2015. The Committee strongly urges the Secretary to the Treasury to monitor operations at Nitrogen Chemicals of Zambia and resolves to await a progress report on the preparation of Financial Statements.

56.7 Times Printpak

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the financial statements were audited and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee agrees with the recommendation by the Treasury and resolves to await a progress report on the matter.

56.8 Zambia Medical Regulatory Authority

The previous Committee resolved to keep the matter open until all the audited financial statements for 2012 - 2015 the were submitted to the Office of the Auditor General for audit verification. In this regard, a progress report would be awaited by the Committee.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audited financial statements were available for audit scrutiny.

Committee's Observations and Recommendations

The Committee finds unacceptable that financial statements for the period 2012 – 2015 had not been prepared and that no action has been taken to improve the status quo. The Committee strongly urges the Secretary to the Treasury to take verifiable action and would await a progress report on the matter.

56.9 National Housing Authority

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Board and Management of the Authority to avoid recurrence of this serious breach of financial regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the financial statements were prepared, audited and available for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes with concern that National Housing Authority has not prepared financial statements for the years 2014 and 2015 and urges the Secretary to the Treasury to take actionable measures against the Board as failure to appoint auditors to finalise the accounts for 31st December 2011, are unjustifiable and unacceptable. The Committee will await a progress report on the matter.

56.10 Zambia Forest and Forestry Industries Corporation

The previous Committee noted the response regarding the non preparation of the audited financial statements which had been due to non existence of a Board whose tenure had expired and resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audited financial statements were available for audit scrutiny.

Committee's Observations and Recommendations

The Committee agrees with the recommendation by the Treasury and resolves to await a progress report on the drafted financial statements which were considered at the Annual General meeting in 2017.

56.11 Zambia Education Publishing House (ZEPH)

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Board and Management of ZEPH to avoid recurrence of this serious breach of Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that matter remained outstanding until the financial statements were prepared, audited and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations and recommends keeping the matter open and will await a progress report on the preparation of the audited financial statements for the period 2009 – 2015. The Committee further urges the Secretary to the Treasury to pay attention to the financial operations of ZEPH, as it has failed to adhere to financial regulations by not preparing the audited financial statements.

56.12 Chambeshi Water and Sewerage Company

The previous Committee urged the Secretary to the Treasury to work closely with the Board and Management of the Company in order to avoid recurrence of this irregularity and to ensure that a backup information system was put in place as failure to do so, risked the company to be vulnerable to loss of its critical information. The Committee resolved to await a progress report on the preparation and audit verification of the financial statements in question.

Treasury Response

The Treasury submitted that the matter remained outstanding until the draft financial statements were finalised, audited and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes with concern that Chambeshi Water and Sewerage Company had failed to prepare audited financial statements for a consecutive two years, the Committee further finds it unacceptable that no verified information has been availed to the purported financial statements that were to be prepared by 2017 as submitted by the Secretary to the Treasury. The Committee resolves to await a progress report on the matter.

56.13 Lukanga Water and Sewerage Company

The previous Committee noted the submission regarding the preparation of the audited financial statements and resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audited financial statements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee agrees with the recommendation of the Treasury and resolves to await a progress report on preparation of the audited financial statements.

56.14 Nkwame Nkurumah University

The previous Committee urged the Controlling Officer in the Ministry of Higher Education to attend to the query as it had taken the University an inordinately long time to appoint a governing council leading to failure to prepare audited financial statements. The Committee resolved to keep the matter open until all the audited financial statements for the period under review were submitted to the Office of the Auditor General for audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the financial statements were prepared, audited and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

56.15 National Trust Fund for the Disabled Persons

The previous Committee noted the submission that the audited financial statements for the year ended 31st December were currently ready and available for audit verification and resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audited financial statements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter until the purported financial statements are availed for audit verification.

56.16 Northern Technical College

The previous Committee noted the submission that the 2015 financial statements had been approved by the Board and were yet to be availed for audit to the Auditor General. The Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audited financial statements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to keep the matter open until the purported financial statements are availed for audit verification.

56.17 Zambia Institute of Mass Communication

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Board and Management of the Institute to avoid recurrence of this serious breach of financial regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the financial statements were approved by the Board and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and urges the Secretary to the Treasury to work closely with the institute to ensure that all accounts are verified and audited by the Auditor General. The Committee resolves to await a progress report on the preparation of audited financial statements.

56.18 Public Service Pension Fund

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Board and Management of the Fund to avoid recurrence of this serious breach of Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the financial statements were prepared, audited and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee observes with concern the inordinate period that the Fund has not prepared its statements ranging from 2005 to 2015 and urges the Secretary to the Treasury to caution the Controlling Officer and recommends that the matter is kept in view of future audits.

56.19 Luapula Water and Sewerage Company

The previous Committee resolved to await a progress report on the matter of executing of performance contracts with controlling officers and the Board of directors that would include preparation of audited financial statements as a key performance indicator.

Treasury Response

The Treasury submitted that the matter remained outstanding until the financial statements were prepared, audited and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

56.20 Western Water and Sewerage Company

The previous Committee noted the submission and resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audited financial statements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and await a progress on the financial statements purported to be ready for audited scrutiny.

56.21 Local Authorities Superannuation Fund

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Board and

Management of the Fund to avoid recurrence of this serious breach of Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audited financial statements were available for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the preparation of the financial statements purported to have been prepared and awaiting audit scrutiny with the Auditor General's office

56.22 Engineering Services Corporation

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Board and Management of the Corporation to avoid recurrence of this serious breach of Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the financial statements were approved by the Board and available for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the financial statements awaiting approval of the Board of Engineering Services Corporation yet to be appointed.

56.23 NIEC School of Business

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Board and Management of the institution to avoid recurrence of this serious breach of financial regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the financial statements were prepared and available for audit scrutiny with the office of the Auditor General.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

56.24 Zambia – China Mulungushi Textiles Limited

The previous Committee strongly urged the Secretary to the Treasury to follow up the matter and ensure that all applicable regulations were complied with by the company following the submission that the Company's financial statements had not been audited from 2005. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that matter remained outstanding until the financial statements were prepared, audited and availed for audit scrutiny with the office of the Auditor General.

Committee's Observations and Recommendations

The Committee resolves not to close the matter but await a progress on the financial statements that were awaiting certification for the years 2006 to 2012 and for the period 2013 to 2015 which were allegedly ready but not audited.

56.25 Zambia Capital Enterprises

The previous Committee noted the submission but resolved to keep the matter open until all the audited financial statements for the period under review were submitted to the Office of the Auditor General for audit verification. A progress report would therefore, be awaited by the Committee.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audited financial statements were availed for audit scrutiny with the office of the Auditor General.

Committee's Observations and Recommendations

The Committee resolves to await an update on the ongoing process of auditing the financial statements for the financial years 2012 to 2015.

56.26 Mpulungu Harbour

The previous Committee urged the Secretary to the Treasury to ensure that the outstanding financial statements were prepared without any further delay and to caution the Board and Management of the institution to avoid recurrence of this serious breach of Financial Regulations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audited financial statements were availed for audit scrutiny with the office of the Auditor General.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

Paragraph 5

Paragraph 5

60.0 Overview of the Industrial Development Corporation of Zambia

60.1 Objectives of IDC

The previous Committee urged the Secretary to the Treasury to engage other relevant stakeholders with the view to assess the effectiveness of the corporation and take necessary actions with regard to improving its performance as it was the Committee's considered view that there were no corresponding tangible outcomes registered since its establishment in 2014. The Committee reiterated that the relevance of the IDC depended on how well it would contribute to its objectives of reducing the financial burden on the Treasury and contributing to the revenues of the Republic and to ensure that institutions under the IDC were de-linked from the Treasury in terms of financing their operations as well as contributing to the Sovereign Wealth Fund. The Committee resolved to keep the matter open.

Treasury Response

The Treasury submitted that the matter had been noted and the Treasury would endeavour to comply with the Committee's recommendation.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the de-linking of State-owned enterprises (SOEs) from the Treasury and an update on their contribution to the sovereign wealth fund.

60.2 Ownership and Shareholding

The previous Committee directed that the Secretary to the Treasury should ensure that the remaining thirteen companies were fully transferred to IDC without any further delay in order to streamline the supervision of the companies and improve their performance following the submission that thirteen companies had not been transferred to IDC since 2014. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter had been noted and the Treasury would endeavour to comply with the Committee's recommendation.

Committee's Observations and Recommendations

The Committee resolves to await an update on the transfer of the thirteen companies to the IDC Group.

60.3 Funding

The previous Committee resolved to await a progress report on the matter following the submission that the IDC was expected to be self-financing and that the funding mechanisms had been put in place. The Committee advised that strict adherence to good financial practices remained imperative and resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter had been noted and the Treasury would endeavour to comply with The Committee's recommendation.

Committee's Observations and Recommendations

The Committee resolves to await an update on the current funding mechanisms for the IDC.

60.4 Industrial Development Corporation's Portfolio

The previous Committee strongly urged the Secretary to the Treasury to ensure that the Controlling Officers institute the repeal of the relevant Acts, for the companies to be incorporated under the *Companies Act, Chapter 388, of the Laws of Zambia* to facilitate their transfer to IDC. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter had been noted and the Treasury would endeavour to comply with the Committee's recommendation.

Committee's Observations and Recommendations

The Committee resolves to await an update on the transfer of the thirteen companies that have not been transferred to the IDC Group of Company.

Paragraph 7

Paragraph 7

61.0 CHAMBESHI WATER AND SEWERAGE COMPANY LIMITED (CHWSC)

61.1 Failure to Prepare Audited Financial Statements

The Previous Committee urged the Controlling Officer to closely supervise the Company so that the audited financial statements, that is, both in print and electronic form, would be ready three months after the end of each financial year as required by law as failure to present financial statements was at variance with *Section 164 of the Companies Act, Chapter 388 of the Laws of Zambia*. The Committee further urged the Controlling officer to ensure that disciplinary action was meted against the responsible accounting officers for the failure to prepare the financial statements and resolved to await a progress report.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the financial statements were prepared and availed for audit scrutiny with the office of the Auditor General.

Committee's Observations and Recommendations

The Committee resolves to await an update on the outstanding financial statements for the years 2012 to 2015 allegedly to be ready by 31st March 2017.

61.2 Operational Losses

The previous Committee urged the Controlling Officer to develop and implement a robust resource mobilisation plan in order to reduce the high operational costs to acceptable levels and to initiate a performance based contract for the Chief Executive Officer of the Company in order to improve the overall performance of the Company following the submission that the operational costs of which the larger portion had been for personal emoluments increased to 300 percent from 2012 to 2015 there by affecting the core business objective of the Company which was to provide water and sanitation services in the urban and peri-urban areas of Northern and Muchinga Provinces of Zambia as a commercially viable water supply and sanitation utility. The Committee contended that while human resource was a critical component of service delivery, the filling of positions could have been done in a phased manner with due consideration to the financial state of the Company. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until a robust resource mobilisation plan was implemented in order to reduce the high operational costs to acceptable levels.

Committee's Observations and recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the robust resource mobilisation plan that will help to reduce the operational costs to acceptable levels.

61.3 Comparative Performance in the Water and Sanitation Sector

- i) The previous Committee urged the Controlling Officer to ensure that the revenue loss was reduced to acceptable levels by implementing the planned holistic interventions by Management and to ensure that the proposed interventions were implemented in its strategic plan. The Committee resolved to await a progress report on the implementation of the interventions by the Company.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the measures put in place started to yield the intended results.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the implementation of the outlined measures intended to improve operations.

- ii) **Failure to Meet Collection Efficiency Standards**

The previous Committee urged the Controlling Officer to ensure that the proposed programmes formed an integral part of the Company's strategic plan so as to factor in time frames in which the interventions aimed at enhancing collection efficiency to the expected standard of between eighty-five to ninety percent as provided in the NWASCO guidelines, as failure to do so rendered the plans as mere pronouncements. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that matter remained outstanding until the measures put in place started to yield the intended results.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations and resolves to await a progress report.

iii) Operational Cost Coverage by Collection

The previous Committee urged the Controlling Officer to ensure that the initiated revenue collection programmes were time bound in order to assess their effectiveness and as regards the Government Departments that were perpetual defaulters, the Committee directed the Controlling Officer to engage the defaulting Departments with the view to generating a payment plan for the outstanding balances. The Controlling officer was further urged to adhere to the set bench mark of 100 percent as opposed to having operational cost coverage by collection which had averaged seventy percent. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the recovery plan was implemented.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the implementation of the outlined measures, which are installation of prepaid meters and cost saving strategies aimed at reducing inactive accounts as well as increasing revenue through grading the customer base.

iv) Total Costs Coverage by Total Revenue

The previous Committee urged the Controlling Officer to ensure that the initiated Total Cost Coverage by Total Revenue collection programmes had time frames attached to them in order to facilitate monitoring and assessment of their effectiveness. The Controlling officer was further urged to ensure that Management adhered to the benchmark set by the regulator on Total Cost Coverage by Total Revenue which had been averaging sixty five percent against the set target of 100 per cent. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the initiated Total Cost Coverage by Total Revenue collection programmes were implemented in order to improve efficiency.

Committee's Observations and recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

61.4 Questionable Board Expenses

The previous Committee urged the Controlling Officer to institute disciplinary action against the erring officers to avoid recurrence of the query. Further, the Committee directed that the matter be reported to the investigative agencies and necessary action be taken in accordance with the provisions of the law following the submission that despite being given adequate time by the auditors, Management failed to substantiate the occurrence of the purported Board meetings with documentary evidence which was considered by the Committee as having a *laissez-faire* attitude by the Management in adhering to good Management practices. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until internal control systems were strengthened.

Committee's Observations and recommendations

The Committee resolves to await a progress report on the action taken on the erring officers and if the matter was reported to investigative agencies.

61.5 Failure to Submit Expenditure Returns – K420, 037

The previous Committee urged the Controlling Officer to institute disciplinary action against the erring officers to serve as a deterrent to potential perpetrators. Further, the Committee urged the Controlling Officer to ensure that internal controls were strengthened in order to avoid recurrence of the query. The Committee resolved to await a progress report on the full recovery of expenditure returns and the disciplinary action meted against the erring officers.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until recoveries were availed for audit scrutiny.

Committee's Observations and recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the availing of expenditure returns.

61.6 Unacquitted for Payments

The previous Committee urged the Controlling Officer to ensure that all payments were acquitted without delay and relevant documents submitted following the submission that acquittal procedures had been allegedly strengthened, even though the outstanding payments could not be traced for audit verification. Further, disciplinary action had to be meted against the erring

officers and a viable internal audit unit formulated. The Committee resolved to await a progress report.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until internal control systems were strengthened.

Committee's Observations and recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

61.7 Lack of Title Deeds for Surrendered Assets

The previous Committee urged the Controlling Officer to ensure that the title deeds were surrendered by the end of 2017 and not to wait for auditors to raise a red flag for them to follow up on outstanding matters. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until Title Deeds were obtained.

Committee's Observations and recommendations

The Committee resolves to await a progress report.

61.8 Irregular Issuance of Fuel

The previous Committee urged the Controlling Officer to ensure that the erring officers who had omitted the fuel allowance on the contracts were disciplined and the documentation relating to these transactions were to be compiled and submitted for audit verification. The Committee resolved to close the matter subject to audit verification.

Treasury Response

In response, the Treasury submitted that the matter remained outstanding until all the documentations were compiled and availed for audit scrutiny.

Committee's Observations and recommendations

The Committee resolves not to close the matter but await an update on the disciplinary measure taken on the erring officers.

61.9 Non-Remittance of Statutory Contributions

The previous Committee urged the Controlling Officer to follow up the request to off-set part of the statutory contributions using the grants with the Ministry of Finance and urged the Controlling Officer to develop a payment plan with the defaulting institutions. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the payment plan was implemented.

Committee's Observations and recommendations

The Committee resolves to await a progress report on the settlement of outstanding statutory contributions.

61.10 Projects and Contracts

i) Delayed Completion of Works

The previous Committee urged the Controlling Officer to ensure that the Treasury was always engaged before hand on the availability of funds before signing the contracts so as to reduce the huge amounts that Government was paying as a result of failure to honour contractual obligations and further requested the Controlling Officer to follow up the release of funds to pay outstanding bills with certificates of completion. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the works were completed.

Committee's Observations and recommendations

The Committee resolves not to close the matter and will await an update on the release of funds to pay outstanding bills on all contracts and certificates of completion availed for audit scrutiny.

ii) Contract with Shaftex Limited

The previous Committee urged the Controlling Officer to closely monitor the Company as it was clear that there were vested interests by some officers at the company considering the manner in which the contract was handled. The Committee further directed that the matter be referred to the investigative wings for thorough scrutiny and necessary action and resolved to await a progress report on the matter

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the documents were available for audit scrutiny.

Committee's Observations and recommendations

The Committee resolves not to close the matter subject and will await a progress report on the action taken by the investigative wings.

a) Failure to Provide Performance Bond

The previous Committee strongly urged the Controlling Officer to ensure that the matter was fully investigated and appropriate action (legal and administrative) was taken as it was the Committee's considered view that the act of paying the consultants despite them not ensuring that the contractor had honoured the contract by providing a performance bond questionable and suspicious as it was evident that there was an improper relationship between the project management team at the Company and the consultant. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the details of the Performance Bond were available for audit scrutiny.

Committee's Observations and recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

b) Failure to Assemble the Modular Compact Treatment Plant

The previous Committee urged the Controlling Officer to ensure that an assessment on the physical modular treatment plant state was taken before assembly as scheduled in order for the Company to maximise value for money from the plant, considering the period that had lapsed. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the Plant was assembled.

Committee's Observations and recommendations

The Committee resolves to await an update on the assessment of the modular compact treatment vis-a-vis its installation.

iii) Falling Walls on the Spillway – Lubu Earth Dam - Chinsali

The previous Committee strongly urged the Controlling Officer to ensure that the variation cost of repairing the falling walls was borne by the consultants who poorly designed the dam. It was the considered view of the Committee that whereas the re-routing of the walls fell outside the scope of works in the signed contract, the cost must have been borne by the consultants who designed the dam and that the Company should not have paid for the poor quality of designs. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the reviewed design was availed for audit scrutiny.

Committee's Observations and recommendations

The Committee resolves to await an update on the recommendation by the previous Committee to have the cost of repairing the falling walls to be borne by the consultants who had designed the dam.

61.11 Questionable Procurement of Motor Vehicles

The previous Committee urged the Controlling Officer to ensure that the officers who failed to keep proper accounting documents were disciplined to avoid recurrence of the query. The Committee further urged the Controlling Officer to submit all the relevant documentations for audit verification, subject to which the matter was recommended for closure.

Treasury Response

In response the Treasury submitted that the matter was noted and considered closed.

Committee's Observations and recommendations

The Committee resolves not to close the matter and re-emphasises that the alleged contract which has the details on the purpose and allocation of motor vehicle is availed for audit verification.

61.12 Failure to Liquidate Payment Certificates – K73, 735,592

The previous Committee recommended that contracts must only be signed when the Treasury had guaranteed the availability of funds so as to reduce the period in which to offset the payments, the

Committee requested the Controlling Officer to follow up on the release of funds to pay outstanding contractors and resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the Certificates were liquidated.

Committee's Observations and recommendations

The Committee resolves to await progress on the liquidation of the outstanding payment certificate.

61.13 Failure to Recover Costs of Damages on Infrastructure by Road Contractors and Councils – K4, 831,186

The previous Committee urged the Controlling Officer to ensure that RDA paid for the damaged infrastructure without further delay as it was the Committee's considered view that the Company should have surcharged the road contractor who damaged the infrastructure as opposed to varying the contract sum. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the materials were procured.

Committee's Observations and recommendations

The Committee resolves not to close the matter and urges the Secretary to the Treasury to ensure that RDA pays the damage to infrastructure which was caused during the rehabilitation of the road.

61.14 Management Information Systems

i) Weaknesses in Environmental Controls and ICT Governance

The previous Committee urged the Controlling Officer to ensure that the implementation of the strategies were time bound in order to allow for monitoring and assessment of their effectiveness. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the ICT strategies were implemented and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the implementation of the planned strategies.

ii) Lack of Networking and Unsecure Means of Data Transportation

The previous Committee strongly urged the Controlling Officer to ensure that the software which was a server based software aimed at promoting prudent management of information systems was installed without any further delay and resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the commissioning of the new network was done.

Committee's Observations and recommendations

The Committee urges the Secretary to the Treasury to ensure that the network is commissioned expeditiously and will await a progress report.

iii) Lack of Feature on the System to Prohibit Replication

The previous Committee urged the Controlling Officer, to ensure that the system was rolled out to all the districts as a matter of extreme urgency so as to avoid abuse of the system as per the submission. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that Management had since rolled out the database to all 12 Districts. However, the matter remained outstanding until audit verification was done.

Committee's Observations and recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on rolling out the system to all districts.

iv) Sharing of User Accounts and Passwords

The previous Committee urged the Controlling Officer, as a matter of extreme urgency, to ensure that the procured Municipal billing system was implemented without any further delay to avoid abuse of the system and resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that Management had since allocated user names and passwords with different access levels. However, the matter remained outstanding until audit verification was done.

Committee's Observations and Recommendations

The Committee resolves to await an update on the verification of the allocated user names and passwords.

v) Lack of Sustainability Guarantee - Perfect Billing System

The previous Committee noted the response and urged the Controlling Officer to implement the new billing software without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the commissioning of the vendor system was done.

Committee's Observations and Recommendations

The Committee will await an update on the commissioning of the vendor system and verification of the Auditor General.

vi) Lack of Segregation of Duties

The previous Committee noted the response and urged the Controlling Officer to implement the procured billing software without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that Management had since allocated user names and passwords with different access levels. However, the matter remained outstanding until audit verification was done.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

vii) Lack of Audit Trail Function – Perfect Billing System

The previous Committee noted the response and urged the Controlling Officer to implement the new billing software without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the commissioning of the vendor system was done.

Committee’s Observations and Recommendations

The Committee resolves to await progress on the commissioning of the vendor system, and audit verification of the same.

viii) Lack of a Feature on Perfect Billing to Perform Age Analysis

The previous Committee noted the response and urged the Controlling Officer to implement the new billing software without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the commissioning of the vendor system was done.

Committee’s Observations and recommendations

The Committee resolves to keep the matter in view of future audits.

ix) Wasteful Expenditure-Procurement of Flex Billing System

The previous Committee urged the Controlling Officer to institute disciplinary action, including deductions from all the officers who occasioned the wasteful expenditure through the procurement of the software costing K 101,309 .The Committee resolved to await a progress report on the matter

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the funds were recovered from the supplier and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee is equally dismayed with this manner of wasteful expenditure and resolves to await a progress report on the disciplinary action and recovery of funds from the employees.

x) Irregularities in Billing Systems Administration

A review of the customer data on Perfect Billing System revealed the following weaknesses:

a) Customer Accounts with Incomplete Details on the System

The previous Committee urged the Controlling Officer to ensure that the missing customer details were updated without any further delay and submitted for audit verification. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the GSI which would capture all the customers from all locations was implemented.

Committee's Observations and recommendations

The Committee will await progress on the implementation of the GSI system and a report on the disciplinary measures taken to deter other staff.

b) Customer Accounts without Owner Names on the System

The previous Committee urged the Controlling Officer to ensure that disciplinary action was taken against the responsible officers to avoid recurrence of the query and to enhance monitoring and evaluation of the system coupled with staff supervision. The Committee further recommended that the inconvenienced customers be compensated accordingly. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the GSI which will capture all the customers from all locations was implemented.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

c) Customers with Zero Meter Readings and Water Consumption

The previous Committee strongly urged the Controlling Officer to ensure that the number of customers with zero meter readings of water consumption was normalised without any further delay. Further, all customers erroneously not captured had to be billed retrospectively in order for the Company to raise the much needed funds. The Committee resolved to await a progress report.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the programme to address zero billing had been completed.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await an update on having all customers with zero meter readings retrospectively billed.

d) Customers on Wrong Tariff Plan

The previous Committee urged the Controlling Officer to institute disciplinary action against responsible officers in order to avoid recurrence of the query. Further, the inconvenienced customers were to be compensated accordingly. It was the Committee's considered view that the Company had a weak monitoring and evaluation system as well as weak supervision of staff resulting in the failure to resolve simple administrative issues during the audit process. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until all the reversals were completed and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await progress on the strengthening of the weak monitoring and evaluation system.

xi) Wrong Capturing of Meter Readings Resulting in Frequent Customer Complaints and Subsequent High Adjustments to Billing Amount

The previous Committee urged the Controlling Officer to submit documentary evidence for audit verification on the nature of disciplinary action taken against the erring officers and to ensure that, the inconvenienced customers were to be compensated accordingly. The Committee further urged the Controlling officer to roll out meter replacements

without any further delay as it was the Committee's considered view that the Company had a weak monitoring and evaluation system as well as weak supervision of staff resulting in the failure to resolve simple administrative issues during the audit process. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the rolling out of meter replacement was completed.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and urges the Secretary to the Treasury to ensure that the matter is expeditiously resolved and will await progress on the replacement of meters.

xii) Failure to Disconnect Past Due Customer Accounts

The previous Committee urged the Controlling Officer, to enforce the agreed payment plans to the latter as a matter of extreme urgency and to ensure that disconnections were to be instituted immediately were a customer defaulted, to serve as a deterrent to other potential defaulters, considering that amounts totalling K11,750,411 remained outstanding to various customers. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the migration of the perfect billing to municipal billing which had a sniffer was completed.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

xiii) Failure to Replace Damaged Meters

The previous Committee urged the Controlling Officer to ensure that a time frame was given in which the rolling-out of meter replacements by the Maintenance Unit to all the customers would be undertaken. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the replacement of damaged meters was completed.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

xiv) Lack of Alternative Power Source

The previous Committee urged the Controlling Officer to create a budget line for the procurement of alternative power sources to be used in the event of power cuts, under the Company's budget line as opposed to entirely depending on the funds from ADB, as this would serve as a back-up plan in the event that ADB delayed in funding the activity. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until measures put in place for alternative power sources were implemented.

Committee's Observations and recommendations

The Committee resolves to await progress on the procurement of an alternative power source.

Paragraph 8

Paragraph 8

62.0 INDEPENDENT BROADCASTING AUTHORITY (IBA)

Accounting and Other Irregularities

An examination of accounting and other records for the financial years ended 31st December 2013, 2014 and 2015 carried out during the period from April to July 2016 revealed the following:

62.1 Staff Establishment

While appreciating that the amounts allocated to the institution by the Treasury had stagnated at K 9.7 million over the years to cater for both personal emoluments and general operations of the institution, the previous Committee strongly urged the Controlling Officer to ensure that the positions of Director, Human Resource and Administration and Manager, Technical of were filled without further delay as the two positions were key in the day-to-day administration of the institution. Further, the Committee urged the Controlling Officer to actively engage the Treasury as regards a specific time frame in which the other positions were to be filled in order to facilitate the smooth running of the institution. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that matter remained outstanding until the other positions were filled.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations and will await an update on the retirement of staff to fill the vacant positions.

62.2 Lack of Procurement Plan

The previous Committee urged the Controlling Officer to closely supervise the institution in order for the subsequent procurement plans to be submitted to ZPPA before the commencement of each financial year and further directed that an audit be conducted on how procurement was done during the period when there was no procurement plan, in order to establish the impact and extent of abuse arising from the lack of the procurement plan. The Committee resolved to close the matter subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter was remained outstanding until the procurement plan was implemented and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee will await an update on the implementation of the procurement plan.

62.3 Non-Payment of License Fees

The previous Committee urged the Controlling Officer to strengthen the monitoring of compliance by licensees' in order for the institution to generate the much needed funds and to ensure that defaulters were dealt with in accordance with the established guidelines on penalties. The Committee resolved to close the matter subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the balances on the Licence Fees were collected and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to press upon the Controlling Officer to ensure that the outstanding license fees are expeditiously collected. The Committee will await a progress report.

62.4 Inadequate Monitoring of Broadcasters

The previous Committee strongly urged the Controlling Officer to prioritise the purchasing of the equipment to be used for monitoring which was expected to enhance the efficiency of the institution in monitoring the 113 radio stations and fifty two TV stations. Further, the Committee urged the Controlling Officer to engage the Treasury on a specific time frame in which the other positions in the establishment which had remained stagnant would be filled in order to facilitate the smooth running of the institution. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until other positions were filled.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

Paragraph 9

Paragraph 9

63.0 JUDICIARY

Accounting and Other Irregularities

An examination of accounting and other records for the financial years ended 31st December 2013, 2014 and 2015 carried out during the period from April to September 2016 revealed the following:

63.1 Inadequacies in Judiciary Infrastructure Structure

The previous Committee urged the Controlling Officer to find alternative office space to be used by the Judges while waiting for the construction of new chambers as a matter of urgency. Further, the Committee directed that the Controlling Officer to engage the Treasury with a view to establishing a specific time frame in which the construction of the chambers and office space would be completed as it was inconceivable that out of the 105 chambers required for the courts, only twenty one were available. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the modern court buildings to house the Superior Courts were constructed to increase Chambers and Office space for operation.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

i) Lack of Court Rooms

The previous Committee urged the Controlling Officer, to find alternative facilities to be used as Constitutional and Court of Appeal while waiting for the construction of new courts as a matter of extreme urgency. Further, the Committee directed that the Controlling Officer should engage the Treasury with a view to establishing a specific time frame in which the construction of new court rooms would commence. It was the Committee's considered view that this explained why court cases took longer than expected in that the sittings could not take place simultaneously. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the modern court buildings to house the Superior Courts were constructed to increase Chambers and Office space for operation.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

63.2 Weaknesses in Managing Third Party Accounts - Unexplained Account Balances

The previous Committee urged the Controlling Officer to strengthen internal controls and ensure that bank reconciliation was done on a regular basis in order to avoid recurrence of the query. Further, the Committee urged the Controlling Officer to institute disciplinary action against the responsible officers to serve as a deterrent to would be perpetrators. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the Court files to support the payments were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

63.3 Weaknesses in Managing the Sheriff's Office of Zambia

The previous Committee urged the Controlling Officer to ensure that the activity was budgeted for in order to have a connection between activities to be undertaken by the Judiciary and budgetary

allocations, so that the assets would be marked in line with Public Stores Regulation No 154. Additionally, a comprehensive report was to be done to establish all the assets of the Judiciary which required marking in order to avoid a similar query. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the Assets were inscribed with the identification marks.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

i) Lack of Stores Records

The previous Committee urged the Controlling Officer to ensure that stores staff were closely supervised to ensure that stores records were well maintained in line with Stores Regulation 16 and to submit all stores documentation for audit verification. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the Stores Records were updated and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

63.4 Weaknesses in Managing Construction Project – Matero II Local Court

The previous Committee urged the Controlling Officer to prioritise funding for the completion of the court without any further delay as it was the Committee's considered view that Matero was a very big community which required a court as a matter of extreme urgency, given the demographics of the area. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the works were completed.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

63.5 Matero I Local Court – Physical Inspection

The previous Committee strongly urged the Controlling Officer to immediately suspend the use of the council property as a court, given the poor physical state of the facility as it was the Committee's considered view that the physical state of one's work environment had a bearing on how one discharged their duties. The Committee contended that the council chamber was not conducive for court hearings and recommended that in the interim, a more conducive alternative place was to be used as a court. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the works were completed.

Committee's Observations and Recommendations

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

Paragraph 10

Paragraph 10

64.0 KWAME NKRUMAH UNIVERSITY

Accounting and Other Irregularities

An examination of accounting and other records maintained at the University carried out in May 2016 revealed the following:

64.1 Delays in Appointing Key Management Positions

The previous Committee recommended that as a matter of extreme urgency, the key positions at the University were to be advertised and filled without any further delay as it was inconceivable that the Ministry could allow a University to operate for more than three years without making substantive appointments to key position as this could have negatively impacted the general operations and also demoralised the officers who had been acting for such a long period of time. The Committee resolved to await a progress on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until Kwame Nkrumah University completed the affiliation process and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

64.2 Lack of Strategic Plan

The previous Committee shuddered to comprehend how the University was being run without key staff coupled with the absence of a strategic plan. Whereas the update was noted, the Committee urged the Controlling Officer to ensure that the stated time-frame for implementing the strategic plan was adhered to without fail. The Committee resolved to await a progress on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the realigned strategic plan under Kwame Nkrumah University was developed and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and will await an update on the implementation of the strategic plan.

64.3 Failure to Prepare Financial Reports

The previous Committee urged the Controlling Officer to ensure that the next time a collage was being upgraded into a University; requisite modalities had to be put in place to avoid recurrence of similar challenges. Further, the Committee directed that the financial statements should be presented to the University Council before the end of the 2017 financial year as no time frame had been given as to when the audited financial statements would be presented to the University Council. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the Financial Statements were finalised and approved by the Council.

Committee's Observations and Recommendations

The Committee will await an update on the preparations of the audited financial statements that will be submitted for audit scrutiny.

64.4 Unsupported Payments

The previous Committee urged the Controlling Officer to ensure that the erring officers were disciplined to avoid recurrence of the query. Further, internal controls as well as supervision were to be strengthened at the University. The Committee resolved to await a progress report on the matter and raised concern on the authenticity of the purportedly traced documents which were not availed to the auditors during the audit process.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the supporting documents were traced and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and will await a progress report on the audit scrutiny of the alleged traced documents.

64.5 Unretired Accountable Imprest

The previous Committee urged the Controlling Officer to ensure that the erring officers were disciplined to avoid recurrence of the query. Further, internal controls as well as supervision were to be strengthened at the University. The Committee resolved to await a progress report on the matter and raised concern as regards the authenticity of the purportedly traced documents which were not availed to the auditors during the audit process.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until retirement details were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and will await progress on the audit scrutiny of all retirement details.

64.6 Unaccounted for Fuel

The previous Committee urged the Controlling Officer to ensure that the erring officers were disciplined to avoid recurrence of the query. Further, internal controls as well as supervision were to be strengthened at the University. The Committee resolved to await a progress report on the matter and raise concern as regards the authenticity of the purportedly traced documents which were not availed to the auditors during the audit process.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the receipts and disposal details were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee will await a progress report on the audit scrutiny of the traced receipts and disposal details.

64.7 Lack of Title Deeds

The Committee noted the response but urged the Controlling Officer to follow up with the Ministry of Housing and Infrastructure Development on the matter and resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the title deeds were obtained and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the acquisition of the title deeds.

64.8 Weaknesses in Management Information Systems

The previous Committee noted the progress made on the matter but urged the Controlling Officer to ensure that the stipulated time frames were adhered to without fail and resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the Risk Management Framework was approved and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

Paragraph 11

Paragraph 11

65.0 LUKANGA WATER AND SEWERAGE COMPANY LIMITED

Review of Operations

A review of accounting and other records maintained at the company headquarters for the period from January 2013 to December 2015 carried out in May 2016 revealed the following:

65.1 Failure to Amend Articles of Association

The previous Committee urged the Controlling Officer to institute disciplinary action against the officers responsible for this lapse without delay. Further the Committee directed that the resolution to amend the articles which was made in 2014 be implemented without any delay after the AGM. The Committee resolved to await the latest update on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the amended Articles of Association were incorporated in the PACRA records.

Committee's Observations and Recommendations

The Committee resolves to await an update on the amendment of Articles of Association and subsequent incorporation at the PACRA record.

65.2 Financial Performance – Statement of Comprehensive Income

The previous Committee urged the Controlling Officer to develop and implement a robust income generation strategy that would keep the huge operational costs within acceptable levels. Further, there was a need to restructure the staff establishment with the view to maintaining critical positions but enhancing efficiency and to ensure that that risk management was an integral part of planning to take into account unforeseen shocks as was the case with the volatility of the Kwacha. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the operational costs were reduced to acceptable levels.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

65.3 Financial Position – Statement of Financial Position

i) Poor Liquidity

The previous Committee strongly urged the Controlling Officer to take a bold step and ensure that the amount owed by Government departments to a tune of K 26million was cleared without any further delay as it could have significantly contributed to the poor liquidity ratio of the company that was falling below the levels stipulated by the regulator. Further, the rolling out of installation of prepaid metres was to be undertaken as a priority in the Government departments without any delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until measures to improve collections were implemented.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

ii) Receivable Turnover Ratio

The previous Committee strongly urged the Controlling Officer to take a bold step and ensure that the amount owed by Government departments was cleared without any further delay as the accumulated debt from Government departments had significantly contributed to the declining ratio. Further, the rolling out of installation of prepaid meters was to be intensified in line with the strategic plan without any delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until measures to improve collections were implemented.

Committee's Observations and Recommendations

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

iii) Receivable Turnover Days

The previous Committee recommended that the installation of prepaid meters had to be prioritised in all the eighty one Government departments that owed the Company significant amount of arrears for more than 381 days which was beyond the Company's Commercial Policy No.10 which stipulated that the Company would withdraw service to a customer who defaulted in settlement of bills for a period of thirty days or above. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until prepaid meters were installed in all the eighty one Government departments.

Committee's Observations and Recommendations

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

65.4 Non - Current Assets

i) Failure to Maintain Buildings

The previous Committee noted the development of the internally funded rehabilitation plan and urged the Controlling Officer to ensure the stated time frames were adhered to. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the Buildings were rehabilitated.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the action taken by the investigative wings to which the matter was referred.

ii) Properties without Title Deeds/ Lack of Statutory Instrument to Transfer Assets

The previous Committee directed, and strongly so, that the Ministry should issue the Statutory Instrument immediately to transfer the ownership of the assets to Lukanga Water which the Committee considered as a small administrative matter that should not have taken over ten years to implement. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that matter remained outstanding until the Statutory Instrument transferring the ownership of the Assets to Lukanga Water and Sewerage Company from Councils to the Company is issued by the Minister.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the matter on the issuance of an SI to transfer water and sewerage from the local authorities in central province.

65.5 Irregularities in Revenue Collection

i) Missing cancelled/Void Receipts

The previous Committee urged the Controlling Officer to institute disciplinary action against the erring officers to avoid recurrence of the query. Further, the Committee directed that the matter should be reported to the investigative agencies for thorough scrutiny as the purported cause of this anomaly was not convincing. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the cancelled receipts were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the action taken by the investigative wings to which the matter was referred to.

ii) Gaps in Receipt Sequences

The previous Committee urged the Controlling Officer to institute disciplinary action against erring officers in order to avoid recurrence of the query and to ensure that the trailing system at the Company was revamped. Further, the Committee directed that all the receipt books should be compiled and submitted for audit verification. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the receipts books were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the submission of all the missing receipt books for audit scrutiny.

65.6 Non Payment of Statutory Obligations

While noting the payment plan agreed upon with ZRA on the settling of arrears, the Committee noted that this was not sustainable if the company did not address the huge debt it was owed by Government departments. The Committee urged the Controlling Officer to ensure that the Government departments settle the outstanding debts owed to the company. Further, statutory contributions were to be given priority to avoid recurrence of this matter and that the negotiated agreement should be availed to the auditors for audit verification. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the Statutory Obligations were liquidated and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the settlement of all outstanding obligations.

65.7 Capital Projects

The previous Committee urged the Controlling Officer to ensure that all the officers responsible for the unplanned expenditure on the project were disciplined. Further, the Controlling Officer needed to ensure that consultants were engaged to finalise detailed designs before the implementation of the project to avoid incurring of cost variation after the validation process. The Committee resolved to await a progress report on the disciplinary action against the erring officers.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the works were completed.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the completion of the outstanding works.

i) Failure to Engage Consultant on Time - New Serenje Township Water Supply and Sanitation Project

The previous Committee urged the Controlling Officer to ensure that all the officers involved in authorising of this project were subjected to disciplinary process. Further, the Committee directed that the matter be fully investigated by the law enforcement agencies in order to establish the facts. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the Consultant was engaged and the works were completed.

Committee's Observations and Recommendations

The Committee resolves to await an update on the investigation by the law enforcement agencies so as to establish the facts on the matter.

65.8 Review of Technical Operations

The previous Committee urged the Controlling Officer to ensure that the implementation of strategies to reduce the non-revenue water to the set target of twenty five percent by the regulator was achieved within a specific and reasonable period. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until a comprehensive overhaul of the water reticulation system was completed to reduce the non-revenue water to the acceptable set target of twenty five percent.

Committee's Observations and Recommendations

The Committee resolves to await an update on the measures implemented to reduce non-revenue water to the set target of twenty five percent.

i) Low Water Supply Service Coverage

The previous Committee urged the Controlling Officer to ensure the project commenced as scheduled to enable the Company achieve the service coverage set by NWASCO of eighty to ninety percent. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until a comprehensive overhaul of the water reticulation system was completed in order for the Company to achieve the acceptable benchmark for service coverage of eighty percent to ninety per cent set by NWASCO.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the project to over haul the reticulation system which will help the company achieve the acceptable benchmark serve average of eighty to ninety per cent.

ii) Increase in Operational and Maintenance Costs

The previous Committee urged the Controlling Officer to develop and implement a robust income generation strategy that would ensure that the huge operational costs were within acceptable levels and to ensure that that risk management was an integral part of planning to take into account unforeseen shocks such as the volatility of the Kwacha that could have contributed to the high chemical costs thereby, further increasing operational costs. Further, the staff establishment needed to be restructured with a view to maintaining critical positions but enhancing efficiency. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until a robust income generation strategy was developed that would ensure that the huge operational costs were within acceptable levels.

Observations and Recommendations

The Committee resolves to await an update on the implementation of a robust income generation strategy and if the Controlling Officer had instituted the directive of the Committee to restructure the staff establishment.

65.9 Weaknesses in Management Information Systems

The previous Committee urged the Controlling Officer to ensure that the developed IT policy was implemented henceforth and to give a time frame in which it would be implemented. In addition, a fire detection system needed to be installed in the server room without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the developed IT Policy was implemented.

Committee's Observations and Recommendations

The Committee resolves to await an update, if the fire detective system was installed in the sever room and if IT policy was implemented

65.10 Irregularities in Billing Systems Administration

i) Customer Accounts with Incomplete Details on the System

While noting the progress registered in updating the missing customer details, the previous Committee urged the Controlling Officer to institute disciplinary action against the erring officers who failed to update the data base on time. Further, the updated customer account information needed to be compiled and submitted for audit verification. The Committee resolved to close the matter subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the updated account information on customers was compiled and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await progress on the audit scrutiny on the updated customer details.

ii) Failure to Disconnect Past Due Customer Accounts

The previous Committee recommended that the installation of prepaid meters to eighty one Government departments that owed the Company the significant amount of arrears beyond the thirty days stipulated in the Company's Commercial Policy No.10 be expedited as the Departments had not paid beyond 381 days.

Treasury Response

In response the Treasury responded that the matter remained outstanding until installation of prepaid meters was expedited to eighty one Government Departments that owed the Company significant amount of arrears.

Committee's Observations and Recommendations

The Committee will await progress on the installation of eighty one meters to all Government Departments that owed the company significant amount of arrears.

Paragraph 12

Paragraph 12

66.0 MULUNGUSHI UNIVERSITY

Review of Operations

An examination of accounting and other record maintained at the University for the financial years ended 31st December 2013 to 2015 carried out during the period from August to September 2016 revealed the following:

66.1 Unexplained Transactions on the Bank Reconciliation Statement

The previous Committee urged the Controlling Officer to institute disciplinary action against the erring officers who failed to avail the documents during the audit process. Further, the Committee directed that more proficient accounting software should be procured without any further delay to avoid similar short-comings henceforth, and the purported documents that had been compiled to be submitted for audit verification. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the compiled documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await progress on the procurement of a new proficient accounting software so as to reduce similar short comings.

66.2 Non-Remittance of Statutory Contributions

The previous Committee strongly urged the Controlling Officer to ensure that all statutory obligations were prioritised henceforth. Further, the Committee directed that the University should develop and implement other innovative ways of generating income in order to be up-to date with statutory obligations and to ensure that all deductions from respective officer's emoluments were paid to ZRA AND NAPSA. The Committee resolved to await a progress report.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the payment plan was developed on how to settle statutory obligations to ZRA and NAPSA and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that the Controlling Officer takes stringent measures to ensure that statutory contributions are paid timeously and will await a progress report.

66.3 Financial Performance - Statement of Comprehensive Income

The previous Committee strongly urged the Controlling Officer to ensure that the University was closely supervised through the University Council in order to bring the high operational expenses which were at sixty three percent of the total operating expenses in line with the available resources and to develop and implement income generating strategies that would help to reduce the operational costs to acceptable levels. As a solution to the many financial challenges affecting the University, a bailout plan should also be explored by the Ministry so as to enable the University focus on its core-mandate which was to produce the much needed human resource for the country. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the University developed and implemented income generating strategies in order to reduce the operational costs to acceptable levels.

Committee's Observations and Recommendations

The Committee resolves to await an update on the matter.

i) Increase in Administrative Costs per Student Ratio

While appreciating that the volatility of the kwacha could have contributed to the increase in administrative costs, no corrective action was taken by Management at the University to avert the crisis, in this vein the previous Committee urged the Controlling Officer to ensure that the University Management instituted and adhered to austerity measures on its general administration in order to reduce its operational costs to acceptable levels. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the University Management instituted austerity measures on its general administration in order to reduce its operational costs to acceptable levels.

Committee's Observations and Recommendations

The Committee agrees with the Secretary to the Treasury and will await progress on the matter.

ii) Unreceipted Deposits for More than Twelve Months

The previous Committee urged the Controlling Officer to ensure that the erring officers in this case were disciplined to avoid recurrence of the matter. Further, the Committee directed that the University should find ways of accounting for payments made through cheque deposits without any delay and all the documents queried to be submitted for audit verification. The Committee resolved to await a progress report on matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the amount of K1, 132,756 was receipted and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the audit of the retirement details for all unreceipted deposits amounting to K1,132,756.

66.4 Financial Position – Statement of Financial Position

The previous Committee noted that the statement of financial position for the University showed that its operations were within acceptable parametres. However, this was not to result in laxity by Management as its operational costs were raising going by the trend in the period under review. The Committee urged the Controlling Officer to closely monitor the University in order to sustain this record and resolved to close the matter.

Treasury Response

In response the Treasury submitted that the matter was noted and considered closed by the Committee.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

66.5 Statement of Cash Flows - Failure to Invest Excess Cash Balances in Financial or Money Markets

The previous Committee urged the Controlling Officer to compile the documentation relating to interest accrued from the funds in the call accounts and submit it for audit verification. The Committee resolved to close the matter subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until a compilation relating to interest accrued from the funds in the Call Accounts was done and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolved to await a progress report on the matter.

66.6 Operating a Water Supply Plant without NWASCO Licence

The previous Committee urged the Controlling Officer, as a matter of extreme urgency, to ensure that the water supply plant being used at the University was certified by NWASCO without any delay, in line with the provisions of the *Water Supply and Sanitation Act, No.28 of 1997*. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the operating license from NWASCO was obtained and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and urges the Secretary to the Treasury to ensure that the Controlling Officer expedites the process of acquiring and operating licence from NWASCO will await a progress report on the matter.

66.7 Civil Works

i) Construction of Phase One of Alternative Water Sources – Chindwin:

a) Failure to sign a Memorandum of Understanding on Alternative Water Resource Project

The previous Committee urged the Controlling Officer to ensure that the MOU signed with Lukanga Water Sewerage on the ongoing works was submitted for audit verification without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the MOU was signed and details availed for audit scrutiny.

Committee’s Observations and Recommendations

The Committee resolves to await a report on the audit scrutiny on the memorandum of understanding signed between the University and Lukanga Water.

b) Inflated Project Costs

The previous Committee urged the Controlling Officer to compile and submit all documentation amounting to K 2,948,604.61 relating to the project for audit verification. Further, the Committee directed that the matter be investigated by law enforcement agencies in order to establish the facts surrounding the authenticity of the huge variations from sixteen percent to 100 percent. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until all the documentations and details of the projects were availed for audit scrutiny.

Committee’s Observations and Recommendations

The Committee reiterates the previous Committee’s recommendation and strongly finds it unacceptable that project costs were varied with over eighty six percent of the initial projected costs. The Committee will await an update.

c) Misapplication of Alternative Water Resource Funds

The previous Committee sternly cautioned the Controlling Officer to desist from ignoring the provisions of the *Public Finance Act*, Section 18 and the Appropriation

Act of 2014 but directed that he seeks retrospective authority on the funds amounting to K5 471,407.35. Further, the Committee urged the Controlling Officer to institute disciplinary action against the erring officers involved in the authorisation so as to avoid recurrence of the query. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until authority was obtained and availed for audit scrutiny.

Committee Observations and Recommendations

The Committee resolves to await an update on the recommendation by the previous Committee for the Controlling Officer to seek retrospective authority to spend funds amounting to K5,471,407.35.

d) Non Functioning Boreholes

The previous Committee urged the Controlling Officer to engage the contractor to reimburse part of the funds or alternatively to drill other boreholes. This should be preceded by studies on the soil structure in order to avoid recurrence of the failed boreholes. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the studies on the soil structure before the drilling of the boreholes was concluded.

Committee Observations and Recommendations

The Committee resolves to await a progress report on the recommendation that the contractor should either drill the bore holes or alternatively reimburse the funds.

e) Single Sourcing of Excavation Services for the Chindwin Water Project

The previous Committee urged the Controlling Officer to ensure that the officers who failed to avail the documentation relating to the procurement were disciplined to avoid recurrence of the matter. Further, the Committee directed that the investigative wings should take up the matter in order to establish the facts of what exactly transpired given the conflicting positions between what the auditors found and the submission from the Controlling officer. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the documentation relating to the procurement of excavation services was availed for audit scrutiny.

Committee observations and recommendations

The Committee will await an update on the recommendation to have the issue probed by investigative wings.

ii) Over Expenditure on In-House Projects

The previous Committee urged the Controlling Officer to discipline the responsible officers who failed to avail the documents as required. Further, all documentation relating to the projects, including the Minutes by the University Council authorising the adjustment of funds, had to be compiled and submitted for audit verification. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the documentation relating to the In-House Projects was availed for audit scrutiny.

Committee Observations and Recommendations

The Committee resolves to await an update on the audit scrutiny of all documentation relating to in-house projects.

67.8 Failure to Update Bin Cards

The previous Committee urged the Controlling Officer to ensure that internal controls were strengthened, and supervision of the newly employed stores staff enhanced in order to avoid recurrence of the query. Further, monthly updates of stores documents were to be conducted by Management without fail. The Committee resolved to close the matter subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until internal controls were strengthened by Management.

Committee Observations and Recommendations

The Committee resolves to await an update on measures undertaken to ensure that internal controls are strengthened.

67.9 Unaccounted for Stores

The previous Committee urged the Controlling Officer to ensure that internal controls were strengthened, and supervision of the newly employed stores staff enhanced in order to avoid recurrence of the query. Further, monthly updates of stores documents were to be conducted by Management without fail. The Committee resolved to close the matter subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until internal controls were strengthened by Management.

Committee Observations and Recommendations

The Committee will await an update on the measures undertaken to strengthen internal controls.

67.10 Procurement of Goods and Services

i) Irregular use of Simplified Bidding to Procure Furniture and Equipment

The previous Committee urged the Controlling Officer, and strongly so, that the erring officers should be disciplined so as to avoid recurrence of the query as the mere admission of wrong doing did not remedy infringement of procurement procedures. Further, the Controlling Officer had to ensure that the University Council was closely supervised to avoid similar irregular transactions. The Committee resolved to await a progress on the matter.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until internal controls were strengthened by Management.

Committee Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

ii) Undelivered Library Books

The previous Committee noted the response and urged the Controlling Officer to submit the traced delivery notes for audit verification. The Committee resolved to close the matter subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until the Delivery Notes were available for audit scrutiny.

Committee Observations and Recommendations

The Committee reiterates the previous committee's recommendation and will await an update on the audit scrutiny of the alleged traced delivery notes for the Library books.

Paragraph 13

Paragraph 13

68.0 THE MULUNGUSHI VILLAGE COMPLEX

Review of Operations

A review of accounting, other records and management information systems for the financial years ended 31st December 2013 to 2015 carried out in June 2016 revealed the following:

68.1 Review of Management of Information Systems

The previous Committee urged the Controlling Officer to expedite the appointment of the Steering Committee in order for the ICT activities and projects at the Mulungushi Village Complex to be properly monitored. The Committee resolved to await a progress report on the matter.

Treasury Response

In response the Treasury submitted that the Committee on Information and Communication Technology had since been put in place. However, the matter remained outstanding as it was yet to be verified by the office of the Auditor General.

Committee Observations and Recommendations

The Committee agrees with the Treasury and will await an update on the matter.

i) Lack of Risk Management Framework and Risk Register

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

In response the Treasury submitted that the Risk Management Framework and Register had then been completed and approved by the Board of Directors. However, the matter remained outstanding as it was yet to be verified by the office of the Auditor General.

Committee's Observations and recommendations

The Committee agrees with the Treasury and will await an update on the audit scrutiny of the Risk Management Framework Register.

ii) Lack of an Access Control Policy

The previous Committee found the tendency of not providing the necessary documentation to the auditors highly unacceptable and urged the Controlling Officer to caution Management for this failure. The Committee however, resolved to close the matter subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter was still outstanding until the Access Control Policy was availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

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

The previous Committee observed that this matter should have been addressed and resolved during the audit process and urged the Controlling Officer to caution Management for the failure to do so. The Committee requested the Office of the Auditor General to verify the response before the matter could be closed.

Treasury Response

In response the Treasury submitted that the matter was still outstanding until the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await an update on the audit scrutiny of the business continuity plan and disaster recovery plan by the Auditor General.

68.2 Lack of Risk Management System

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

In response the Treasury submitted that the matter was still outstanding until the Risk Management System was availed for audit scrutiny.

Committee's Observation and Recommendation

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

68.3 Financial Performance – Statements of Profit and Loss and Other Comprehensive Income

i) Total Expenses as a Percentage of Turnover

The previous Committee strongly urged the Controlling Officer to ensure that Management undertook measures to increase its revenue and reduce assets in order to improve the status quo. The Committee noted that the current situation would ultimately disable the MVCL from meeting its day to day obligations as they fell due. The Committee resolved to await a progress report on the matter.

Treasury Response

Management took up measures and increased revenue by thirteen percent from the year ended 31st December 2015's revenue of K18,220,693.00 to K20,950,310.00 for the year ended 31st December 2016. Similarly, tremendous effort was made to reduce total expenditure by twenty three percent, from the previous years total of K23,133,560.00 to K17,823,103.00 in 2016.

Management was confident that the reduction in total expenditure would be sustained up to the 31st December 2017 and going forward, considering that staff Related Costs had been reducing following implementation of the restructuring programme. However, the matter remained outstanding as it was yet to be verified by the office of the Auditor General.

Committee's Observations and Recommendations

The Committee agrees with the Treasury and will await a progress report on the matter.

ii) Operating Income

The previous Committee noted the response and requested an update on the improvement of the operating income.

Treasury Response

In response the Treasury submitted that the matter remained outstanding until Management provided an improved position on the operating income and availed it for audit scrutiny.

Committee's Observations and Recommendations

The Committee agrees with the Treasury and will await an update on the improvement in operating income.

iii) Net Profit Margin Ratio

The previous Committee urged the Controlling Officer to ensure that the Management of the Company implemented innovative measures to improve the general performance of the Company in order to make it profitable. The Committee resolved to await an update on the improvement of the net profit margin ratio.

Treasury Response

The Treasury submitted that the profit for the year ended 2016 inclusive of Fair Value adjustments and Tax showed improvement from K1, 554,858 in 2015 to K14, 216,010 in 2016. However, the matter remained outstanding as it was yet to be verified by the office of the Auditor General.

Committee's Observations and recommendations

The Committee resolves to keep the matter in view of future audits.

iv) Operating Expenses as a Percentage of Revenue

The previous Committee strongly urged the Controlling Officer to ensure that revenue collection strategies were enhanced and that operating and administrative expenses were kept to acceptable standards in order to address the prevailing situation. The Committee requested an update on the matter.

Treasury Response

The Treasury submitted that Management had put in place measures to reduce the operating expenses which needed to be verified by the office of the Auditor General. Therefore, the matter remained outstanding.

Committee's Observations and recommendations

The Committee resolves to await a progress report on the audit scrutiny by the Auditor General.

68.4 Financial Position - Statements of Financial Position

i) The Current Ratio / Working Capital

The previous Committee strongly urged the Controlling Officer to review the operations of MVCL without further delay and possibly recapitalise it in order to restore it to its healthy financial position. The Committee was of the view that if the Government did not intervene, the Company risked being liquidated as it was operating with a negative working capital. The Committee directed the Controlling Officer to closely monitor the situation and submit an update on the matter.

Treasury Response

The Treasury submitted that the measures put in place by Management to minimise bad debts and provisions for bad debts needed to be verified by the office of the Auditor General. Therefore, the matter remained outstanding.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

ii) Total Asset Turnover Ratio

The previous Committee urged the Controlling Officer to ensure that there was a robust review of the operations of this institution with emphasis on improving its financial performance. The Committee further urged him to engage the Secretary to the Treasury for possible recapitalisation in order to improve the Company's performance. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that Management was still making efforts to address the cash flow position. Therefore, the matter remained outstanding.

Committee's Observations and Recommendations

The Committee resolves to await progress on the effort being undertaken to improve the financial performance of the institution.

iii) Negative Cash flow Position

In noting the submission, the previous Committee urged the Controlling Officer to ensure that the Company's cash flow was improved to enable it meet its obligations. The Committee requested an update on the matter.

Treasury Response

The Treasury submitted that Management was still making efforts to address the cash flow position. Therefore, the matter remained outstanding.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

iv) Questionable Declaration/Payment of Dividend

The previous Committee directed the Controlling Officer to ensure that Management was sternly cautioned for this failure. The Committee further directed the Controlling Officer to ensure that the Dividend Policy, clearly outlining the circumstances in which dividends would be paid, was approved without further delay in order to avert such erroneous decisions were MVCL which was facing liquidity challenges and an asset base that needed immediate rehabilitation to have declared dividends. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that Management had amended the Dividend Policy and resolved to await audit verification. Therefore, the matter remained outstanding.

Committee's Observations and Recommendations

The Committee resolves to await a progress on the audit scrutiny of the amended Dividend Policy by the Auditor General's Office.

68.5 Failure to Collect Rentals from Government

The previous Committee strongly urged the Controlling Officer to ensure that internal controls at MVCL were strengthened. The Committee further urged the Controlling Officer to sternly discipline the erring officers and ensure that the Management of the Company devised more aggressive measures to recover the outstanding debt and also avoid future debt as opposed to writing off huge amounts as bad debts when the Company was facing liquidity challenges. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that Management had put up measures to address the collection of rentals from the Government Ministries. However, the matter remained outstanding until audit verification was done by the office of the Auditor General.

Committee's Observations and Recommendations

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

68.6 Inadequate Staffing Levels

Whilst noting the submission, the previous Committee urged the Controlling Officer to ensure that key positions of the Human Resource and Operations Manager were filled in order for the company to effectively carry out its operations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Management had since streamlined the operations of the Organisation leading to the scraping off of the Human Resource and Operations Manager positions. Therefore, the matter remained outstanding until audit verification was done by the office of the Auditor General.

Committee's Observations and Recommendations

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

68.7 Non Payment of Statutory Contributions

The previous Committee urged the Controlling Officer to ensure that the statutory obligations in question were liquidated in line with the agreements entered into, in order to avoid future penalties and interest charges. The Committee, in this regard, resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that Management had since put in place measures on how to liquidate the statutory debt. Therefore, the matter remained outstanding until audit verification was done by the office of the Auditor General.

Committee's Observations and Recommendations

The Committee agrees with the Treasury and will await a progress report on the audit scrutiny by the Auditor General of the measures put in place to settle the statutory debt.

68.8 Failure to Settle Internal Frozen Terminal Benefits

The previous Committee urged the Controlling Officer to ensure that the terminal benefits were settled in order to avoid potential litigation, penalties and interest charges. The Committee in this regard, resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter remained outstanding until the terminal benefits were settled and details availed for audit scrutiny.

Committee's Observations and Recommendations

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

68.9 Failure to Rehabilitate and Maintain Investment Property

The previous Committee strongly urged the Controlling Officer to ensure that the investment properties were rehabilitated from time to time so as to suite modern trends and advised that instead of declaring dividends, the funds could have been used to plough back into the investment properties as failure to do so could result in the loss of customers to competitors and consequently result in the loss of the much needed income which could help to keep the company afloat. The Committee resolved to await a progress report on the matter

Treasury Response

The Treasury submitted that the matter remained outstanding until the Properties were rehabilitated and details availed for audit scrutiny.

Committee's observations and recommendations

The Committee resolves to await a progress report.

Paragraph 14

Paragraph 14

69.0 THE NATIONAL HOUSING AUTHORITY

Review of Operations

A review of operations of the Authority for the financial years ended 31st March 2012 to 31st December 2015 revealed the following:

69.1 Failure to Produce Audited Financial Statements

The previous Committee urged the Controlling Officer to follow the provisions of the Companies Act in relation to preparations of financial statements to the latter as failure to do so was at variance with *Section 54 of National Housing Authority Act, Chapter 195 of the Laws of Zambia*. Further, disciplinary action was to be instituted against the responsible accounting officers for the failure to prepare financial statements within the prescribed time. The Committee resolved to await a progress report on the audit verification of the audited financial statements.

Treasury Response

The Treasury submitted that the matter remained outstanding until the financial statements for the years 2012 to 2015 were prepared and audited.

Committee's observations and recommendations

The Committee will await a progress report on the preparation of the audited financial statements for the years 2012 to 2015.

69.2 Weaknesses in Recruitment and Removal of the Chief Executive Officer

i) Irregular Payment of Salaries in Advance

The previous Committee urged the Controlling Officer to amend the terms and conditions of the contract which had clauses that were not in the best interest of the Company and were subject to abuse and formulate clearly stipulated different separation terms to avoid recurrence of the query. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that Management had submitted that the Terms and Conditions of the contract for the Chief Executives had been reviewed. The matter remained outstanding until the reviewed contract was availed for audit scrutiny.

Committee Observations and Recommendations

The Committee resolves to await a progress report on the audit scrutiny by the Auditor General of the received contract for the Chief Executives.

69.3 Financial Performance – Statement of Comprehensive Incomes

i) Operating Profit Margins

The previous Committee urged the Controlling Officer to take serious steps in reducing expenditure to acceptable levels commensurate with its income. This should include enhanced efforts to increase the income base by engaging other development partners in the housing sector. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the performance had improved.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

ii) Net Profit Margins

The previous Committee urged the Controlling Officer to take serious steps in reducing expenditure to acceptable levels commensurate with the NHA's income. This should include enhanced efforts to increase the income base by engaging other development partners in the sector. It was the considered view of the Committee that the slight improvement in net profit margins was artificial in that disposing of fixed assets was but a one-off thing and thus not sustainable. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the performance had been improved.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation to await a progress report.

iii) Impact of Presale Scheme on the Income of the Authority

a) Reduction in Income from Presale Schemes

The previous Committee urged the Controlling Officer to ensure the remaining housing units were handed over to the owners within a specified period. It was the considered view of the Committee that NHA would have raked in the much needed profits had it handled the project with strict adherence to completion period. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

b) Failure to Avail Presale Scheme Information

The previous Committee urged the Controlling Officer to institute disciplinary action against the officers responsible for the failure to avail the documents during the audit process. Further, the compiled documents were to be submitted for audit verification. The Committee resolved to seek a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

c) Breach of Conditions of the Scheme

The previous Committee urged the Controlling Officer to compile all documentation relating to the cases as well as costs incidental to the litigation and submit them for audit verification. Additionally, all the officers who failed to furnish the documents to the auditors during the audit process should be disciplined to serve as a deterrent to would-be offenders. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

69.4 Financial Performance – Statement of Financial Position

i) Weaknesses in Managing Receivables

The previous Committee urged the Controlling Officer to strengthen the weak enforcement of lease agreements immediately. In addition, the legal department had to be beefed up so as to reduce the receivable ratio to acceptable levels. It was inconceivable that the institution which was grasping with huge financial challenges could exhibit such levels of complacency in collection of funds owed by customers. The Committee resolved to await a progress report on the matter.

Treasury Response

The matter remained outstanding until the turnaround plan was implemented and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

ii) Deteriorating Gearing Ratios

The previous Committee urged the Controlling Officer to ensure that the gearing ratio which had increased from seventy seven percent to 111 percent was reduced to acceptable levels given that the US\$6.5 million loan from Shelter-Afrique had been restructured. Further, an urgent corporate image enhancement plan aimed at rejuvenating public confidence in the institution had to be developed in order to attract a larger clientele and subsequently reduce the debt level. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the turnaround plan was implemented and details availed for audit scrutiny.

Committee Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

69.5 Statement of Cash flow - Negative Cash flows from Operating Activities

i) Negative Cash flows from Operating Activities

The previous Committee urged the Controlling Officer to ensure that Management at the institution initiated and implemented a robust financial recovery plan to reduce the negative cash flow to acceptable levels. Further, an urgent corporate image enhancement plan aimed at rejuvenating public confidence in the institution had to be developed in order to reach out to the potentially huge clientele and subsequently enhance the cash flow from operating activities. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the turnaround plan was implemented and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

ii) Questionable Going Concern Status

The previous Committee urged the Controlling Officer to ensure that Management at the institution initiated and implemented a robust financial recovery plan to reduce the negative cash flow to acceptable levels. Further, an urgent corporate image enhancement plan aimed at rejuvenating public confidence in the institution had to be developed in order to reach out to the potentially huge clientele and subsequently enhance the cash flow from operating activities such as the sale of houses. The Committee resolved to await a progress report on the matter as well as the response from Ministry of Finance.

Treasury Response

The Treasury submitted that the matter remained outstanding until the turnaround plan was implemented and details availed for audit scrutiny.

Committee Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

69.6 Weaknesses in Managing the North Gate Gardens, Ben Mwiinga and Ibex Hill Projects

i) Weaknesses in Managing Shelter Afrique Loan Relationship

While noting the payments made by the institution as of October 2016, the previous Committee urged the Controlling Officer to ensure that a loan repayment plan was developed and followed to the latter to avoid the accumulation of other incidental costs such as interest. Further, the poor quality of works on the NGG project were to be corrected without any delay in order to maximise the sales and consequently profits and subsequently reduce dependency on the Treasury in off-setting the loan. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the turnaround plan was implemented and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

ii) Shelter Afrique Project - Failure to Reactivate Performance Guarantee and Advance Payment Bonds

The previous Committee urged the Controlling Officer to ensure that the houses under Lot 1 were sold without any further delay to enable the institution commence the construction of Lot 2 houses. Further, the Performance Guarantee and Advance Payment Bonds had to be re-activated without any further delay. It was the considered view of the Committee that had the housing units in Lot 1 been properly constructed, the sales would have been profitable despite the volatility of the kwacha at the time. Needless to state that, during the period under review, similar housing projects such as Silverest Gardens were able to sell their houses at competitive prices due to the quality of the Houses. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Contractor had handed in the Housing Units and details availed for audit scrutiny.

Committee Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

iv). NHA-CJI Joint Venture

The previous Committee urged the Controlling Officer to ensure that the all officers who failed to provide the documents during the audit were disciplined in order to avoid recurrence of the query. Further, all the documentation relating to the joint venture were to be compiled and submitted for audit verification. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until all the documentation relating to the joint venture were compiled and submitted for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

69.7 Lack of Assets Management Policy

While noting the inclusion of the queried items in the draft Assets Management Policy document, the previous Committee urged the Controlling Officer to provide a reasonable time frame in which the Assets Management Policy would be fully implemented to avoid recurrence of the query in the subsequent audits. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the updated Asset Management Policy Document was prepared and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

69.8 Non-Remittance of Statutory Contributions

The previous Committee strongly urged the Controlling Officer to ensure that all statutory obligations were prioritised henceforth. Further, the agreed liquidation of arrears with Workers' Compensation Fund Control Board and NAPSA had to be followed. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until a payment plan was prepared and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

69.9 Site Visits – Weaknesses in the Management of Investment Properties

i) Findeco House – Mongu, Kasama, Mansa, Solwezi, Ndola and Chipata

The previous Committee urged the Controlling Officer to ensure that the K3 million required to rehabilitate the buildings was sourced as a matter of extreme urgency. This should be premised on a documented rehabilitation strategy for existing infrastructure. Additionally, property managers had to be deployed to all the structures to avoid the further deterioration of the buildings. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the rehabilitation works were completed.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

Paragraph 15

Paragraph 15

70.0 NITROGEN CHEMICALS OF ZAMBIA (NCZ)

Review of Operations

A review of accounting and other records for the financial years ended 31st March 2012, 2013, 2014 and 2015 carried out in April 2016 revealed the following:

70.1 Failure to Fill the Position of Chief Finance Officer

The previous Committee strongly urged the Controlling Officer to ensure that a person with the requisite skills and competencies required for this key position was recruited without further delay in order to turn the fortunes of the business around. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the position was filled and details availed for audit verification

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

70.2 Lack of Audit Committee

The previous Committee strongly urged the Controlling Officer to ensure that the Board of Directors was put in place in order for the Audit Committee to be appointed in line with the principles of good corporate governance. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audit committee was put in place and details availed for audit verification.

Committee's Observations and Recommendations

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

70.3 Questionable Leave Commutation Payment

The previous Committee strongly urged the Controlling Officer to ensure that stern disciplinary action was instituted against the officers responsible for the overpayment amounting to K 145,233. The Committee further urged the Controlling Officer to reconcile the purported leave days with the Auditor General's Officer and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until recovery details were availed for audit verification.

Committee's Observations and Recommendations

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

70.4 Failure to Maintain a Register of Accountable Documents

The previous Committee strongly urged the Controlling Officer to sternly caution Management of the Company for this serious irregularity which could result in the misappropriation of funds as the total number of receipt books that were used during the period under review could not be ascertained. The Committee, however, resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the register for accountable documents was availed for audit verification.

Committee's Observations and Recommendations

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

70.5 Non Payment of Statutory Contributions

The previous Committee urged the Controlling Officer to ensure that the statutory contributions in question were liquidated without further delay in order to avoid possible litigation. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until statutory contributions were paid and details availed for audit verification.

Committee's Observations and Recommendations

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

70.6 Weakness in the Collection of Receivables

The previous Committee strongly urged the Controlling Officer to ensure that Management devised and adopted more aggressive strategies of collecting the outstanding debts following the submission that the Company was struggling with liquidity problems. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until all outstanding debts were collected and details availed for audit verification.

Committee's Observations and Recommendations

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

70.7 Questionable Fertiliser Sales

The previous Committee strongly urged the Controlling Officer to ensure that the Management at NCZ was suspended with immediate effect in order to pave way for a forensic audit and further investigations. It was the Committee's considered view that it was highly irregular for the Company to go against its Credit Policy by issuing fertilizer on un-cleared cheques. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the cheques were replaced and the credit policy was strictly adhered to and details availed for audit verification.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the outstanding balances and the adherence to the credit policy.

70.8 Supply of Fertiliser – Mumbwa District Farmers Association

The previous Committee strongly urged the Controlling Officer to ensure that internal controls were enhanced at NCZ in order to avoid recurrence of similar irregularities were a junior officer issued fertiliser worth K12.7 million without the approval of the Chief Executive Officer.. The Committee further urged him to ensure that the concerned officer was sternly disciplined and that the outstanding amount owed by the Association was paid in full without further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the amount was paid in full by Mumbwa District Farmers Association and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the disciplinary action to be meted on the concerned officer.

70.9 Failure to Supply – Braithweit Investments Zambia

The previous Committee strongly urged the Controlling Officer to ensure that the matter was reported to the investigative wings for further probe as it was not clear why the 50,000 polypropylene empty fertiliser bags were not supplied despite the supplier being paid amounts totalling K 250,000. The Committee further urged the Controlling Officer to ensure that the supplier was blacklisted from future consideration to supply goods and services to the Government arising from this conduct. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until Braithweit Investments Zambia supplied 50,000 polypropylene empty fertiliser bags and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the supply of the 50,000 polypropylene empty fertiliser bags or a refund of the paid amount of K250,000.

70.10 Questionable Payments

The previous Committee urged the Controlling Officer to mete out disciplinary action against the erring officers in order to serve as a deterrent to others. He was further urged to submit the traced supporting documentation to the Auditor General for audit verification and ensure that officers manning stores were well inducted in order to avoid such irregularities. The Committee resolved to await a progress report on the supporting documentation of the outstanding payments and the disciplinary action taken against the erring officers.

Treasury Response

The Treasury submitted that the matter remained outstanding until the supporting documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the audit verification of the traced supporting documents and meetings of disciplinary action on the erring officers.

70.11 Irregular Transaction - Maluba M. Trading

The previous Committee sternly cautioned the Controlling Officer to desist from misleading the Committee as this was at variance with the National Assembly (Powers and Privileges) Act, Chapter 12 of the Laws of Zambia, which inter alia expected witnesses to be factual as and when they appeared before any Parliamentary Committee as he had mislead the Committee as regards the matter which was before the courts of law which did not involve this irregular transaction but that of the Supplier impersonating the Special Assistant to the President for Press and Public Affairs, and for allegedly obtaining K260, 000 from the NCZ Chief Executive Officer. The Committee further recommended that the matter regarding Maluba M. Trading be reported reported to investigative wings for further probe as this supplier could have been merely used to siphon funds from NCZ as it was not only single sourced without obtaining authority from the Zambia Public Procurement Authority but also did not appear on the bidding list . The Committee further urged the Controlling Officer to ensure that the supplier was blacklisted from future consideration to supply goods and services to the Government arising from this conduct. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until investigations by the law enforcement agencies were concluded.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the investigation by law enforcement agencies.

70.12 Unsupported Payments

The previous Committee urged the Controlling Officer to take disciplinary action against the officers who failed in their duties by not securing the supporting documents and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until supporting documents were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the disciplinary action on the erring officers and availing of the supporting documents.

70.13 Missing Payment Vouchers

The previous Committee urged the Controlling Officer to take disciplinary action against the officers who failed in their duties by not securing the supporting documents. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the seventy payment vouchers were traced and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

70.14 Wasteful Expenditure – K258, 640

The previous Committee urged the Controlling Officer to ensure that stern disciplinary action was taken against the officers responsible for the decision which resulted in the wasteful expenditure. The Committee further urged him to make sure that in future, officers at NCZ followed the required specifications in the procurement process in order to avoid such queries. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until Officers were surcharged for the loss of Public Funds.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the disciplinary action on the erring officers.

70.15 Lack of Approved NCZ Procurement Manual

The previous Committee directed the Controlling Officer to ensure that Management was sternly cautioned for this failure and the procurement manual was operationalised without further delay to curtail the propensity to abuse the procurement processes owing to the existing weaknesses. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the revised Procurement Manual was approved and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the revised procurement manual.

70.16 Non Delivery of Conveyor Belt

The previous Committee directed the Controlling Officer to report the matter to law enforcement agencies for further probing as it was not clear why Management effected the payment of the K 50, 460 for the supply of the conveyor belt before the belt was delivered and why the supplier had not delivered the belt despite being paid the advance payment .The Committee further cautioned him to desist from such a laissez-faire approach to matters concerning public funds following the submission that the issue of non-delivery of procured goods was becoming a permanent feature at NCZ. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the conveyor belt was delivered and receipts and disposal details were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the delivery of the conveyor belt and engagement of the law enforcement agencies.

70.17 Fertiliser Production and Management

i) Delayed Banking at Head Office - Kafue

The previous Committee urged the Controlling Officer to ensure that internal revenue management controls were tightened to avoid recurrence of the irregularity. The Controlling Officer was further urged to ensure that disciplinary action was taken against the erring officers immediately as it was the considered view that this was a clear case of teaming and lading by officers arising from poor supervision. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until measures were put in place to ensure that funds were banked within the stipulated time.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

ii) Unaccounted for Revenue

The previous Committee urged the Controlling Officer to ensure that the erring officers were disciplined without further delay as their action contravened Financial Regulation No 129 (3). The Committee further urged the Controlling Officer to ensure that the traced documents were submitted to the Office of the Auditor General for audit verification. The Committee resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter remained outstanding until the documents to account for the revenues were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the unaccounted for revenue and disciplinary action to be meted on the erring officers.

iii) Contract for Manufacture, Supply and Delivery of 106,409.75 Metric Tonnes of Compound D Fertiliser for the 2015/2016 Farming Season under the Farmer Input Support Program (FISP)

a) Physical Inspection of Fertiliser Distributions

The previous Committee sternly cautioned the Controlling Officer to henceforth, closely supervise the Management of fertilizer at NCZ as well as be proactive in ensuring that all the requisite supply and delivery systems were strictly monitored. The Committee further urged him to ensure that all the bags of fertilizer were accounted for and that the officers who failed to account for the fertiliser were disciplined for this failure. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the comprehensive schedule to account for the fertilizer distribution was availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to reiterate the previous Committee's recommendation and resolves to await a progress report.

b) Unreconciled Returned Fertiliser Bags – Kabwe -K549,024

The previous Committee directed the Controlling Officer to report the matter to investigative wings for further probe as it was not clear why 38,614 x 50 kg bags of "D" compound fertiliser was received against the 40,420 x 50 kg bags returned to the NCZ Plant in Kafue and why the variance of 1,806 by 50 Kg bags was diverted to Ngabwe Depot instead. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until supporting documents for the diverted fertiliser to Ngabwe Depot were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on supporting documents for the fertiliser which was diverted.

70.18 Management of Plant, Equipment, Machinery and Assets

i) Failure to Revalue Assets

The previous Committee urged the Controlling Officer to sternly caution Management for this failure and strongly urged the Secretary to the Treasury to facilitate the urgent revaluation of the Company's assets had not been revalued from the time the Company was incorporated in 1967. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Assets were revalued and the revaluation report availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to reiterate the previous Committee's recommendation and resolves to await a progress report.

ii) Use of Old Plant Machinery and Equipment

a) Dose Meters Motors

The previous Committee urged the Controlling Officer to ensure that this asset was replaced without further delay in order to avoid challenges in fertiliser production. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Old Plant Machinery and Equipments were replaced.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the replacement of the dosed meter motors.

b) Dryer

The previous Committee noted the response and resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the gearbox was replaced.

Committee's Observations and Recommendations

The Committee agrees with the Treasury and will await a progress report.

c) Screens

The previous Committee noted the response and resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the screens were replaced.

Committee's Observations and Recommendations

The Committee resolves not to close the matter subject to audit verification and will await a progress report on the matter.

iii) Inadequate Machinery and Plant Equipment

The previous Committee urged the Controlling Officer to ensure that the loader was procured in order to avoid challenges in fertiliser production. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until extra loaders were procured.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

a) Sewing Machines

The previous Committee urged the Controlling Officer to ensure that modern sewing machines were procured in order to avoid the spillage of fertiliser due to poor quality of faulty sewing machines. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the sewing machines were procured.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the procurement of the sewing machines and verified by the Office of the Auditor General

iv) Lack of Plant, Machinery and Equipment Replacement Policy

a) Failure to replace the Sulphuric Acid Plant

The previous Committee strongly urged the Controlling Officer to ensure that the machinery and equipment replacement Policy was put in place without further delay as failure to have this Policy in place exposed the Company to the risk of fraud as the guidance on the acquisition, recording, use and disposal of the Company's non-current assets, among other things, lack clarity and that funds were mobilised for the replacement of the plant to help generate revenue for the Government through the supply of sulphuric acid. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Sulphuric Acid Plant was replaced.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the replacement of sulphuric acid plant.

b) Failure to Repair Ammonium Nitrate, Plants and Nitric Acid Plant

The previous Committee urged the Secretary to the Treasury to intervene in this matter in order to help source the necessary funds. The Committee resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Ammonium Nitrate, Plants and Nitric Acid Plant were repaired.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the rehabilitation of the plants and sourcing of the funds by the Treasury.

v) Non Implementation of off take Agreement

The previous Committee urged the Controlling Officer to ensure that the matter was expeditiously concluded in order for the Government to collect revenue from this agreement as well as avert the risk of not having a market for this product. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the off take Agreement was implemented.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the IDC and AEL take off agreement process.

vi) Poor Management of Non-Current Assets

a) Failure to Acquire a New Fire Tender

The previous Committee urged the Controlling Officer to treat this matter with the urgency it deserved by ensuring the fire tender was procured in order to avert the loss of the Company's assets during a fire. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until a New Fire Tender was acquired.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the purchase of a new fire tender.

b) Dilapidated Structure

The previous Committee urged the Controlling Officer to facilitate urgent renovations in order to maintain the value of the property and avoid the risk of accidents by the building collapsing on staff thereby, causing loss of lives. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the buildings were renovated.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the renovation of the dilapidated infrastructure.

c) Failure to Insure Property, Plant and Equipment

The previous Committee directed the Controlling Officer to seriously consider replacing the current underperforming Management of NCZ with a more competent and knowledgeable cadre of management employees to turn around the fortunes of the Company as it was the Committee's considered view that from the anomalies highlighted in this query that Management had no knowledge of the financial regulations and was, therefore, incapable of running the affairs of NCZ. The Committee further urged the Controlling Officer to ensure that the company's assets

were insured in order to avert the risk of loss through theft, among other things. The Committee resolved to await a progress report on the matter.

Treasury Response

The matter remained outstanding until the Property, Plant and Equipment were insured, and the cover notes availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the insurance of the property.

Paragraph 16

Paragraph 16

71.0 SOUTHERN WATER AND SEWERAGE COMPANY LIMITED

Accounting and Other Irregularities

A review of accounting and other records maintained at the company headquarters for the period from January 2013 to December 2015 carried out in June 2016 revealed the following:

71.1 Financial Performance – Statement of Comprehensive Income

i) Recurring Losses

The previous Committee urged the Controlling Officer to closely monitor the Company in order to ensure that it maximises profit and significantly reduce on the expenses. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that Management had made proposals to NWASCO on the need to review and approve the tariff adjustment. Therefore, the matter remained outstanding until the approval was granted.

Committee's Observations and Recommendations

The Committee resolves to await a progress on the request proposal submitted to NWASCO on the need to review and approve the tariff adjustments.

ii) Gross Profit Margin Ratio

The previous Committee urged the Controlling Officer to closely monitor the Company in order to ensure that the new proposed tariff plan was followed through with the regulator as well as increasing the customer base, with prudent utilisation of funds in order to

significantly reduce on the expenses and maximise profit. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that Management had put in measures to cut down the cost on electricity by piloting the solar system. The matter remained outstanding until the measures put in place yielded the intended results.

Committee's Observations and Recommendations

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

71.2 Company Financial Position

i) Capital and Reserves

The previous Committee urged the Controlling Officer to ensure that the Company developed and implemented a business plan highlighting the alternative sources of income to ease pressure on the declining capital reserves as their depletion would limit the expansion of infrastructure resulting in lower capturing of customers. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that Management had put in measures to cut down the cost on electricity by piloting the solar system. The matter remained outstanding until the measures put in place yield the intended results.

Committee's Observations and Recommendations

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

ii) Liquidity Position

The previous Committee urged the Controlling Officer to closely monitor the Company on the implementation of the planned activities within a specific time frame as it was the considered view of the Committee that the output of these interventions would only be meaningful if the company took bold steps to address its colossal expenses. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that Management had installed seven thousand water meters and had also started issuing out demand notices to customers owing, in an effort to recover the

debt. The matter remained outstanding until the measures put in place yield the intended results.

Committee Observations and Recommendations

The Committee resolves to keep the matter in view of future audits

iii) Return on Capital Employed (ROCE)

The previous Committee strongly urged the Controlling Officer to ensure that the Company was run strictly as a profit making entity as opposed to the submission that the Company was not a profit making venture but merely providing a service to the community. The Controlling officer was directed to ensure that Management adhered to the general principles of a Company so as to enhance service delivery to the community and to ensure that the Company developed and implemented a business plan highlighting the alternative sources of income to maintain acceptable profits. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the Company had developed a business plan that would help it source for funding from external partners. The matter remained outstanding until the business plan was executed to yield the intended results.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the implementation of a business plan.

71.3 Comparative Performance in the Water and Sanitation Sector

i) Unaccounted for Water (Non - Revenue water)

The previous Committee urged the Controlling Officer to ensure that the implementation of strategies put in place to reduce the non-revenue water to the set target of twenty-five percent by the regulator was achieved within a specific and reasonable time frame. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until a comprehensive overhaul of the water reticulation system was completed to reduce the non-revenue water to the acceptable set target of twenty five per cent.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the overhauling of the water reticulation system.

ii) Metering Ratio

The previous Committee urged the Controlling Officer to ensure the Company was closely monitored in order to achieve the stated target of 100 per cent. The Committee further urged the Controlling officer to prudently use the envisaged grants from the Government and other co-operating partners for them to achieve the targeted ninety percent metering ratio by 2019. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that Management indicated that the current metering ratio now stood at seventy five percent, this was a steady upward movement that would improve once the project proposal was fully funded. However, the matter remained outstanding until the set target of ninety five per cent was achieved.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

71.4 Questionable Acquisition of a House

The previous Committee urged the Controlling Officer to institute disciplinary action against all the officers involved in this transaction. Further, the Controlling Officer was directed to follow up with the Ministry of Lands on the current status of the title deeds. Furthermore, all properties owned by the Company should have title deeds to avoid recurrence of the query. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the title deeds were obtained and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the acquisition of the title deeds.

71.5 Failure to Remit Withholding Tax

The previous Committee urged the Controlling Officer to ensure that the Company only transacts with landlords who were registered with ZRA to avoid recurrence of the query. Further, the repayment plan agreed with ZRA should be followed to the latter and the documentation relating

to the query compiled and submitted for audit verification. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the repayment plan was implemented.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the outstanding payments to ZRA.

71.6 Failure to Pass Title of Assets to SWSC

The previous Committee urged the Controlling Officer to take stern action against the local authorities for failure to transfer the title deeds. Further, the Committee directed that the title must be surrendered to the Company without any further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the title deeds were obtained and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the transfer of title deeds from the twelve local authorities to SWSC.

Paragraph 17

Paragraph 17

72.0 THE TANZANIA ZAMBIA RAILWAY AUTHORITY (TAZARA)

Review of Operations

An audit review of operations for the Authority including the physical site inspections carried out in November 2015 revealed the following:

72.1 Failure to Provide Audited Financial Statements

The previous Committee strongly urged the Controlling Officer to caution Management for this failure and further urged the Controlling Officer to ensure that the audited financial statements in question were approved without further delay and submitted to the Officer of the Auditor General for audit verification. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the audited financial statements were approved by the Board and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await a progress on the submission for audit scrutiny of audited financial statements.

72.2 Operating Losses - Financial Performance

The previous Committee urged the Controlling Officer to ensure that the Authority improved its liquidity levels and reduced its costs. The Secretary to the Treasury was particularly urged to ensure that the Authority was capitalised in order to improve its current status as it was a key player in one of the major sectors of the economy in the country. The Committee resolved to await a progress report on the matter.

Treasury Response

The matter remained outstanding until the liquidity levels were improved and operating costs reduced.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the liquidity levels.

72.3 Statement of Financial Position

i) Negative Working Capital and Low Liquidity Ratios

The liquidity of the entity is the ability to pay its debts as they fall due. The objective of working capital management is to minimise the risk of failure to pay debts as they fall due.

During the period under review, the Authority operated with a negative working capital which deteriorated from K309,739 million in 2011 to K457 million in 2014. The current ratio and quick ratios for the Authority were below the recommended ratios of 2:1 and 1:1 respectively during the period under review and risked failure to pay debts as they fall due. See table below.

	2014 K'Million	2013 K'Million	2012 K'Million	2011 K'Million
Current assets				
Inventories	55	41	45	33
Accounts receivable	77	37	115	104
Cash at bank and in hand	1	12	3	10
Total Current Assets	133	90	162	146
Current liabilities				
Total Current liabilities	590	488	557	456
Working Capital	(457)	(398)	(395)	(310)
Current Ratio	1:5	1:5	1:3	1:3
Quick Ratio	1:8	1:10	1:5	1:4

It was observed that the Authority has not declared dividends to the two contracting States since inception in 1976.

The previous urged the Controlling Officer to ensure that the Authority improved its liquidity levels and reduced its costs. The Secretary to the Treasury was particularly urged to ensure that the Authority was capitalised in order to improve its current status as it was a key player in one of the major sectors of the economy in the country. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Firm was recapitalised to improve its current status.

Committee's Observations and Recommendations

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

ii) Uncollected Debt

The previous Committee strongly urged the Controlling Officer to ensure that internal controls at the Authority were strengthened and a debt policy formulated. The Committee further urged him to ensure that the Management of the Authority should devise more aggressive measures to recover the outstanding debt and also avoid future accumulation of debt. The Committee however, resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the debt was recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the clearance of the debt being owed.

iii) Decline in Freight Traffic

The previous Committee strongly urged the Controlling Officer to ensure that the matter was laid before the Council of Ministers for consideration of the possibility of recapitalizing TAZARA in order to improve the Authority's operations for revenue generation as the decline in passenger traffic was affecting the Authority's ability to raise the much needed revenue for its operations. The Committee resolved to await a progress report on the matter.

Treasury Response

The matter remained outstanding until the firm was recapitalised to improve its current status.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation to recapitalise TAZARA and resolves to await a progress report on the matter.

iv) Decline in Passenger Traffic

The previous Committee strongly urged the Controlling Officer to ensure that the matter was laid before the Council of Ministers for consideration of the possibility of recapitalising TAZARA in order to improve the Authority's operations for revenue generation. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the firm was recapitalised to improve its current status.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the recapitalisation of TAZARA.

72.4 Inadequate Locomotives

The previous Committee strongly urged the Controlling Officer to ensure that the matter was laid before the Council of Ministers for consideration of the possibility of recapitalizing TAZARA in order to enable the Authority operate at budgeted capacity. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the firm was recapitalised to improve its current status.

Committee's Observations and Recommendations

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

72.5 Management of Construction Contracts

i) Contract to Supply and Install Workshop Equipment TZR/TC and PC/MPK W-S2012/2013/01 – Mpika Workshop

a) Abandoned Works

The previous Committee urged the Controlling Officer to caution Management for this failure and also to ensure that the equipment was supplied, the works properly supervised and completed without further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the works were completed.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the completion of the works which had earlier been abandoned.

b) Excessive Advance Payment

The previous Committee sternly cautioned management against recurrence of this anomaly and resolved to close the matter subject to audit verification

Treasury Response

The Treasury submitted that the matter remained outstanding until all the documents relating to the transaction were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await an update on the documents relating to the transactions.

c) Lack of Performance Security

The previous Committee urged the Controlling Officer to ensure that payments in future must be made in accordance with laid down guidelines to avoid recurrence of the anomaly. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the measures put in place yield the intended purpose.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

ii) Contract to Supply and Install Workshop Equipment – Mpika Workshop

a) Non Commencement of Works

The previous Committee urged the Controlling Officer to caution Management for this failure and also to ensure that the equipment was supplied and the works properly supervised and completed without further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the equipment was supplied and works completed.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendations and will await a progress report on the supply of the equipment and completion of the works.

b) Excessive Advance Payment

The previous Committee sternly cautioned against recurrence of this anomaly and resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until all the documents relating to the transaction were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will await an update on the documents relating to the transaction.

c) Lack of Performance Security

The previous Committee urged the Controlling Officer to ensure that payments in future must be made in accordance with laid down guidelines to avoid recurrence of the anomaly. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the measures put in place yield the intended purpose.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

iii) Failure to Supply and Install Lighting System - Mpika Workshop

The previous Committee directed that the matter be reported to investigative wings for further probing as it was not clear why the lighting system had not been supplied. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Lighting System was Supplied and Installed.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the matter.

72.6 Management of Property and Infrastructure

a) Abandoned Property

The previous Committee strongly urged the Controlling Officer to ensure that the rehabilitation works were commenced without further delay as the property in question risked deteriorating and being vandalised without this intervention. It was the considered view of the Committee that the rentable office space could have been a good source of revenue for the Authority. The Committee, therefore, resolved to await a progress report on this matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the properties were rehabilitated.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

b) Lack of Title Deeds

The previous Committee observed with concern that that the Authority did not have legal title to the buildings under their custody. In this regard, the Committee strongly urged the Controlling Officer to ensure that all the buildings in question were issued with title deeds without further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the title deeds were obtained and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

c) Land Encroachment on Railway Strip

The previous Committee sternly cautioned the Controlling Officer to be proactive when dealing with matters of this nature. The Committee further urged him to ensure that urgent steps were taken to demolish the structures erected within fifty metres from the centreline of the railway line. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the encroachers were evicted.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the eviction of those who have encroached on TAZARA land.

d) Deteriorating Safety and Security Standards

The previous Committee strongly urged the Controlling Officer to ensure that the matter was laid before the Council of Ministers for consideration of recapitalizing TAZARA in order to address this serious concern which had resulted in an increase in the number of accidents. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the firm was recapitalised to improve its current status.

Committee's Observations and Recommendations

The Committee resolves to await an update on the recapitalisation of TAZARA.

72.7 Weakness in the Operations at Mununga Quarry Plant

a) Failure to Dispose of Expired Explosives

The previous Committee sternly cautioned Management against recurrence of this incongruity. The Committee, however, resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Disposal Certificate for the Expired Explosives were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

b) Failure to Collect Debt

The previous Committee urged the Controlling Officer to ensure that internal controls at the Authority were strengthened. The Committee further urged him to sternly discipline the erring officers and ensure that the Management of the Authority devised more aggressive measures to recover the outstanding debt and also avoid future debt. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the debt was collected and details availed for audit verification.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

72.8 Lack of Collective Agreement

The previous Committee strongly urged the Controlling Officer to ensure that collective agreements with the Workers' Union of TAZARA were timely settled in order to avoid the demotivation of the workers as well as the recurrence of this irregularity. The Committee requested a progress report on the new Collective Agreement considering that the purported agreement yet to be ratified by the Ministry of Labour would soon expire.

Treasury Response

The Treasury submitted that the matter remained outstanding until the signed collective agreement was availed for audit verification.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

72.9 Failure to Remit Statutory Contributions

The previous Committee urged the Controlling officer to ensure that the statutory obligations were honoured on time to avoid penalties being charged on the Authority which could lead to loss of public resources. The Committee resolved not to close the matter until the outstanding statutory obligations were settled.

Treasury Response

The Treasury submitted that the matter remained outstanding until the statutory obligations were remitted and details availed for audit verification.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the clearance of the outstanding statutory obligations.

73.0 TOBACCO BOARD OF ZAMBIA

Review of Operations

A review of accounting and other records for the period 1st January 2013 to 31st December 2015 carried out in August 2016 revealed the following:

73.1 Failure to Submit Annual Reports

The previous Committee urged the Controlling Officer to ensure that Management need to step up its efforts to finalise the preparation of the financial statements in order for the National Assembly and stakeholders to appreciate the Board's financial position review as failure to do so was against the provisions of Section 17 of the Tobacco Board Zambia Act of the Laws of Zambia.. The Committee resolved to await a progress report on the finalisation of all the necessary reports for the period under review.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Audited financial statements were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the finalisation of the annual reports.

73.2 Financial Performance – Income Statement - Operating Expenses as a Percentage of Revenue

The previous Committee urged the Controlling Officer to help the Board improve its income generating ventures and as much as possible reduce its operating expenses. The Committee further requested the Office of the Auditor General to keep the matter in view in future audits.

Treasury Response

The Treasury submitted that the matter was closed but would be kept in view during future audits.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

73.3 Statement of Financial Positions as at 31st December 2013, 2014 and 2015

The previous Committee strongly urged the Controlling Officer to ensure that the recovery of the debt which had been stretched for a period of 458days was enhanced in order for the financial

performance of the Board to be improved. The Committee further urged him to ensure that clauses that hindered the operations of the Board in the Tobacco Act were expeditiously amended. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the debt was recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the collection of the outstanding debt.

73.4 Lack of Assets Management Policy

The previous Committee strongly urged the Controlling Officer to ensure that the Policy was put in place without further delay as failure to do so exposed the Board to risk of fraud as there was no guidance and clarity on the acquisition, recording, use and disposal of the Board's non-current assets, among other things. The Committee resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Asset Management Policy was put in place and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the approval of the asset management policy.

73.5 Failure to Recover GRZ and TBZ Outgrower Loans

The previous Committee urged the Controlling Officer to explore other concrete methods of administering the loan scheme before the loans were actually disbursed and to ensure that the loans were recovered without further delay in order for the purpose for which the scheme was created to be achieved. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until GRZ and TBZ Out grower Loans were recovered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the outstanding loans.

74.0 WATER RESOURCES MANAGEMENT AUTHORITY (WARMA)

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Authority carried out during the period 1st January to 31st December 2015 revealed the following:

74.1 Inadequate Staffing

The previous Committee urged the Controlling Officer to treat the issue of improved funding with the urgency it deserved by liaising with the Secretary to the Treasury for increased funding to enable the Authority operate at full capacity. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the seven positions were filled.

Committee's Observations and Recommendations

The Committee resolves to await a progress report regarding the unfilled positions.

74.2 Irregular Procurement of a Motor Vehicle

The previous Committee cautioned the Controlling Officer for failure to avail this information during the audit process and requested the Office of the Auditor General to verify the Controlling Officer's response after which the matter should be closed.

Treasury Response

The Treasury submitted that the matter remained outstanding until all the Ministerial documentations were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to close the matter and will await a report on the audit verification of the ministerial documentation regarding authorisation to procure the motor vehicle.

74.3 Non Transmission of Data by River Gauge Stations

The previous Committee urged the Controlling Officer to ensure that Management was sternly cautioned for their failure to have failed to undertake a proper feasibility study on the network coverage before commencement of the project to place river gauge stations in locations where

there was no network coverage. The Committee further urged him to ensure that the matter was expeditiously resolved and would await a progress report.

Treasury Response

The Treasury submitted that the matter remained outstanding until ZICTA installed transmission towers.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the installation of transmission towers which will enable the river gauge stations to transmit data.

74.4 Receivables Management

The previous Committee urged the Controlling Officer to ensure that Management at the Authority was sternly cautioned for their failure to have followed up on the outstanding debt. The Committee further urged him to ensure that the current payment plans were adhered to by both parties and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until uncollected water charges were settled by the respective clients that owed WARMA.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the clearance of all uncollected water charges from the debtors.

74.5 Failure to Utilise Water Vessels

The previous Committee urged the Controlling Officer to ensure that Management at the Authority was sternly cautioned for their failure to use the vessels in question for their intended purpose. Further, The Committee urged the Controlling Officer to ensure that in future, such wasteful expenditure was avoided by procuring only what was required to allow the Government channel resources to other areas of need. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Vessels were put to full use in the upgraded river gauging stations.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

Paragraph 20

Paragraph 20

76.0 ZAMBIA FORESTRY AND FOREST INDUSTRIES CORPORATION LIMITED (ZAFFICO)

Review of Operations

A review of accounting and other related records for the period 1st April 2012 to 31st December 2015 revealed the following:

76.1 Income

The previous Committee urged the Controlling Officer to ensure that other innovative options were explored in order to reduce the overdependence on eucalyptus and pine and improve the revenue base of the institution. The Committee resolved to await a progress report on the operationalisation of the second pole treatment plan and improvement in the institutions income arising from the operations of the two plants.

Treasury Response

The Treasury submitted that the matter remained outstanding until operationalisation of the institution to improve the income yield the intended results.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

76.2 Strategic Planning – Lack of Performance Indicators and Targets

The previous Committee strongly urged the Controlling Officer to caution Management for there to have set indicators and targets despite having strategic plan in place. He was further urged to ensure that the performance indicators and targets were set without further delay in order for the corporation to assess its effectiveness and overall performance. The Committee resolved to await a progress report on this matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the performance indicators and targets were set and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the inclusion of the performance indicators and targets in the strategic plan.

76.3 Failure to Convene Annual General Meetings

The previous Committee urged the Controlling Officer to ensure that the Board was put in place in order for the Corporation to regularly review its affairs. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Board was put in place by the Minister.

Committee's Observations and Recommendations

The Committee resolves not close the matter and will keep the matter in view of future audits.

76.4 Weaknesses in the Operations of the Board

i) Lack of a Board/Governance Charter

The previous Committee urged the Controlling Officer to ensure that the Annual General Meeting was convened without further delay and the Board Charter approved, in order to review periodically, the effectiveness of the Board. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Board Charter was approved and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the approval of the Board charter.

ii) Questionable Expenditure – The Board Chairperson

The previous Committee urged the Controlling Officer to take stern disciplinary action against the erring officers for their failure to have provided the minutes and other documentation pertaining to the meetings and travels made by the Chairperson and submit all the documentation for audit verification. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Board minutes and the letter of authority to travel were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the audit verification of the Board minutes and the letter of authority to travel.

76.5 Failure to adhere to the Annual Allowable Cut (AAC) - PINE

The previous Committee urged the Controlling Officer to find other forms of revenue generation and not risk overharvesting the pine as this would lead to depletion. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the other sources of revenue generation were implemented by the corporation.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the institution's plan to implement other sources of revenue generation so as not to risk the overharvesting of the pine against the annual allowable cut.

76.6 Financial Performance - Statement of Comprehensive Income for the Financial Periods 1st April 2012 to 31st December 2015

i) Operating Expenses as a Percentage of Revenue

The previous Committee urged the Controlling Officer to ensure that the staff costs were controlled and kept to acceptable levels as compared to the income generated. The Committee recommended the matter for closure subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the staff costs were revised to acceptable levels.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on containing of staff costs to acceptable levels.

76.7 The Statement of Financial Position for the Corporation for the years under review

i) Unknown Bank Deductions

The previous Committee urged the Controlling Officer to caution Management for their failure to have taken an inordinate time to normalise the transactions, a situation that could have delayed the implementation of planned activities using the funds in question. The matter was, however, recommended for closure subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the details for the Bank Reversals were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the details for the bank reversals.

76.8 Lack of Title Deeds

The previous Committee urged the Controlling Officer not to relent but follow up the matter to its logical conclusion. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Title Deeds were obtained and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the acquisition of the title deeds.

76.9 Failure to Register Assets with RTSA

The previous Committee resolved not to close the matter until all the assets were registered as provided for by the *Road Transport and Safety Act* as the Committee considered it as negligence of duty by the corporation not to have had the necessary documentation required to register the non-current assets and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Assets were registered with Road Transport and Safety Agency (RTSA) and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the registration of non-current assets with RTSA.

76.10 Lack of Assets Management Policy

The previous Committee strongly urged the Controlling Officer to ensure that the Policy was approved without further delay as failure to have this Policy in place exposed the corporation to the risk of fraud as there was no guidance and clarity on the acquisition, recording, use and disposal of the Corporation's non-current assets, among other things and a progress report would be awaited by the Committee

Treasury Response

The Treasury submitted that the matter remained outstanding until the approved Asset Management Policy was availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the approval of the asset management policy.

76.11 Lack of a Documented Risk Management Policy

The previous Committee strongly urged the Controlling Officer to ensure that the Policy was approved without further delay as failure to have this Policy in place exposed the corporation to resort to reactive other than proactive responses to risks and in case unexpected events happened, the corporation would not be able to mitigate their effects. The Committee resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Risk Management Policy was availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report on the approval of the drafted risk management policy to be submitted to the Board.

76.12 Lack of a Debt Management Policy

The previous Committee resolved to seek a progress report on this matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the approved Debt Management Policy was availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

76.13 Inadequately Supported Payments

The previous Committee directed the Controlling Officer to institute disciplinary action against the custodians of the documents for their failure to secure them. The Committee further directed him to ensure that all the payment vouchers were traced without further delay and that in future, officers attach the appropriate documents immediately payments were made. The Committee resolved to await a progress report.

Treasury Response

The Treasury submitted that the matter remained outstanding until the payments were supported and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will keep it open in view of future audits.

76.14 Unretired Accountable Imprest

The previous Committee strongly urged the Controlling officer to strictly enforce the provisions of the Financial Regulations in relation to the retirement of imprest to avert recurrence. The Committee further directed the Controlling Officer to ensure that the traced documents were submitted to the Office of the Auditor General for audit verification and resolved to await a progress report on the retirement of the outstanding amount.

Treasury Response

The Treasury submitted that the matter remained outstanding until the traced retirement details were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee finds it unacceptable that offices were not retaining accountable imprest and resolves to await a progress report on the pending retirements.

76.15 Unaccounted for Stores

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the receipts and disposal details for store items costing K422, 309 was availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the pending receipts and disposal details for the unaccounted for fuel.

Paragraph 21

Paragraph 21

77.0 ZAMBIA REVENUE AUTHORITY (ZRA)

Accounting and Other Irregularities

A review of operations of the Zambia Revenue Authority for the period from 1st January 2013 to 31st December 2015 carried out in April 2016 revealed the following:

77.1 Lack of Title Deeds - Non-Current Assets

The previous Committee resolved to keep the matter open until the title deeds for all the properties in question were obtained as prescribed by law. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the Team that was setup to facilitate Title Deeds project had secured all the properties.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the acquisition of the title deeds for the non-current assets.

77.2 Unsupported Payments – Livingstone Station

The previous Committee sternly cautioned the Controlling Officer against the recurrence of this anomaly as it could be a conduit for fraudulent activities and urged that disciplinary action be taken against the officers responsible for the lapse. The Committee further directed him to ensure that all the payments were supported and the documentation availed for audit verification without further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the service station payment was supported with the receipts and availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

Paragraph 22

Paragraph 22

78.0 THE ZAMBIA WILDLIFE AUTHORITY (ZAWA)

Review of Operations

A review of accounting and other records for Zambia Wildlife authority (ZAWA) carried out in June 2016 revealed the following:

78.1 Funding

The previous Committee urged the Controlling officer to institute disciplinary action against the erring officers who failed to avail the required evidence of supplementary provisions supporting excess funding to the auditors during the audit process and would await a progress report on the matter.

Treasury Response

The Treasury submitted that Management addressed the matter and therefore, it was recommended for closure.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will keep the matter in view of future audits.

78.2 Delay in Putting Employees on the Government Payroll

The previous Committee noted the response but urged the Controlling Officer to ensure that the remaining thirty- two officers were appointed in the public service. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that efforts to place Employees on the Government payroll were ongoing and the matter shall be kept in view during future audits.

Committee's Observations and Recommendations

The Committee resolves to keep the matter in view of future audits.

78.3 Questionable Presence of a South African Company in Lusaka National Park

The previous Committee expressed concern that despite being adequately advised by the office of the Legal Counsel and Board Secretary that the institution was bound at the fall of the hammer in the auction, Management abused its authority by insisting that the matter proceeds to the courts of law, therefore, subjecting government to a financial loss with regard to the legal costs and damages paid to the South African Company through litigation. The Committee in this regard, strongly urged the Controlling Officer to sternly cautioned Management for this failure. The Controlling Officer was further urged to ensure that the matter was expeditiously resolved and the Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the South African Company had settled the invoiced amounts of \$30,000 and \$15,000 rental income respectively.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the settlement of the invoiced amounts of \$39,000 and \$15,000.

78.4 Undelivered Materials K87, 260

The previous Committee strongly recommended that Management should investigate the procurement of the materials further, and if any irregularities were discovered in the process, the matter should be reported to the law enforcement agencies for appropriate action. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the materials were delivered and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter but will await audit verification of the remaining undelivered materials or if money was refunded.

78.5 Failure to Collect Debt from Tour Operators

The previous Committee expressed concern that despite the Management facing liquidity challenges, Management was not proactive in pursuing its debtors. The Committee therefore,

urged the Controlling Officer to ensure that the outstanding debt was collected without further delay and would await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the funds were collected and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the collection of the outstanding debt from tour operators.

78.6 Inadequately Supported Payments K986, 999

The previous Committee urged the Controlling Officer to ensure that disciplinary action was taken against the erring officers and that all the outstanding supporting documents were collected and availed for audit verification without any further delay. The Committee further urged the Controlling Officer to ensure that the traced supporting documentation were availed for audit verification and would await a progress report on the matter.

Treasury Response

The Treasury submitted that the supporting documents were availed for audit scrutiny, and therefore the matter was recommended for closure.

Committee's Observations and Recommendations

The Committee resolves to await a report on the audit scrutiny of the Auditor General's Office.

Paragraph 23

Paragraph 23

79.0 ZSIC GROUP OF COMPANIES

Review of Operations

A review of accounting and other records for the period from January 2013 to December 2015 carried out in August 2016 revealed the following:

79.1 Financial Performance - Statement of Comprehensive Income

The previous Committee urged the Management at ZISC to live up to its plans with the new staff base by ensuring that debt collection efforts were enhanced so as to resolve the outstanding amounts that had been provided as bad debts. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the measures put in place to collect debt were enhanced.

Committee's Observations and Recommendations

The Committee resolves to await an update on the planned measures to arrest escalation of costs and if at all management has implemented the plans.

79.2 Financial Position

i) Poor Liquidity

a) The Solvency Ratio

The previous Committee strongly urged the Controlling Officer to ensure that ZISC under the IDC was recapitalised in order for Management to come up with strategies to revamp the company's solvency ratio. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the firm was recapitalised.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the recapitalisation of ZISC by IDC.

b) The Current Ratio / Working Capital

The previous Committee strongly urged the Controlling Officer to ensure that ZISC under the IDC was recapitalised in order for the weaknesses in its working capital to be addressed without further delay. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the firm was recapitalised.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the recapitalisation of ZISC by IDC.

ii) Receivable Turnover Days

The previous Committee urged the Controlling Officer to ensure that the purported debt swap with the debtors was finalised without further delay and that other options were explored to improve the current status quo. It was the considered view of the Committee that if this state of affairs of not enforcing the credit policy was not promptly addressed, the company would continue struggling with poor liquidity levels. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until measures put in place to improve the liquidity of the Company were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the implementation of the measures outlined to improve the liquidity of ZISC.

iii) Failure to Remit Statutory Contributions

The previous Committee urged the Secretary to the Treasury in particular, to ensure that the legacy amounts owed were dismantled. The Committee further urged the Controlling Officer to put in place measures that would prevent the accumulation of future statutory obligations. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until a payment plan to liquidate the statutory obligations was implemented.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the clearance of outstanding statutory obligations.

79.3 Wasteful Expenditure – K232, 000

a) Investment in Microfinance Business using a PPP model

The previous Committee directed the Controlling Officer to ensure that all the documents relating to this consultancy were availed to auditors without further delay as there was no evidence to show that all the deliverables such as micro-credit feasibility study report with its recommendations, the budget, financial model and the implementation plan for the ZISC Limited micro-credit product were delivered. The Committee resolved to close the matter subject to audit verification

Treasury Response

The Treasury submitted that the matter remained outstanding until all the documents relating to the consultancy were availed for audit scrutiny.

Committee’s Observations and Recommendations

The Committee resolves not to close the matter, and will keep it in view of future audits.

b) Supply of Asset Management Software

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the supporting documents relating to the installation of the software was availed for audit scrutiny.

Committee’s Observations and Recommendations

The Committee resolves not to close the matter and keep it in view of future audits.

c) Procurement of Human Resource Sun flow Software

The previous Committee resolved not to close the matter until the system was fully functional and resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the system was fully functional and details availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

79.4 Unsupported Subsistence Claims – K39, 450

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until reports for the trips undertaken were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves not to close the matter and will keep it in view of future audits.

i) Failure to Repossess Property

The previous Committee found it unacceptable that the property which was placed as collateral did not suffice to offset the bond. The Committee therefore, urged the Controlling Officer to report the matter to law enforcement agencies for further probe as circumstances were not clear why the collateral was defective. The Committee resolved to await a progress report on the matter.

Treasury Response

The Treasury submitted that the matter remained outstanding until the vetting system put in place yield the intended purpose.

Committee's Observations and Recommendations

The Committee reiterates the previous Committee's recommendation and resolves to await a progress report.

79.5 Procurement of Goods, Works and Services – K177,527

a) Unsupported Payments

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until the documents to support the payments were availed for audit scrutiny.

Committee's Observations and Recommendations

The Committee resolves to await a progress report.

b) Unaccounted for Stores – K19806,141

The previous Committee resolved to close the matter subject to audit verification.

Treasury Response

The Treasury submitted that the matter remained outstanding until receipts and disposal details for stores items costing K19, 806,141 was availed for audit scrutiny.

Committee's Observations and Recommendations

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

80.0 Conclusion

This Report on outstanding issues arising from the Reports of the Public Accounts Committee on the Reports of the Auditor General's Reports on the Accounts of Parastatal Bodies and Other Statutory Institutions for the financial years ended 31st December 2012, 2013 and 2015, highlighted various areas of weaknesses in the management of parastatal bodies and other statutory institutions that had remained outstanding for a couple of years. It is important that these weaknesses are resolved in order that these institutions could meet their objectives to efficiently and effectively deliver services according to the expectations of the Zambian citizens.

The Committee observed with grave concern that audit queries had remained outstanding as no actions had been taken, as at the issuance of the Treasury Minutes for the alluded to financial years. The Committee found it unacceptable that out of 399 issues raised in the 2015 Treasury Minute only 148 issues were closed representing 37 per cent, whilst for the 2012 Treasury Minute 236 issues were raised and only 106 issues were closed representing only 44 per cent.

The Committee found it Incongruity that outstanding issues had not been resolved timeously and that the recommendations of the Committee were not being taken seriously.

The Committee strongly urges the Secretary to the Treasury to expeditiously capacitate the office of the Auditor General to enable the office undertake prompt audits as opposed to yearly and rotational audits. The Committee is of the view that this will help salvage and curtail the pilfering of the meager resources. The Committee further directs the Secretary to the Treasury to ensure that outstanding issues are expeditiously resolved and that the recommendations given by the Committee are fully implemented.

APPENDIX I

Analysis of Closed and Outstanding Issues for the Financial Year Ended 2012

NO	Details	Issues raised	Closed Issues	Outstanding Issues	Percentage Outstanding (%)
1	Citizens Economic Empowerment Commission	9	5	4	44
2	Electoral Commission of Zambia	14	4	10	71
3	Judiciary	9	7	2	22
4	Mulungushi University	11	6	5	45
5	UNZA	8	2	6	75
6	ZAMNET Communication Systems	6	4	2	33
7	Times Printpak Zambia	14	4	10	71
8	Eastern Water and Sewerage Company	10	5	5	50
9	Lukanga Water and Sewerage Company	8	4	4	50
10	Southern Water and Sewerage Company	5	5	0	0
11	Indeni Petroleum Refinery	11	2	9	82
12	Nitrogen Chemicals of Zambia	12	9	3	25
13	National Airports Corporation	8	2	6	75
14	Zambia Railways	9	3	6	67
15	Zambia Bureau Standards	12	6	6	50
16	Zambia Development Agency	13	5	8	62
17	National Pensions Scheme Authority	8	3	5	63
18	Zambia State Insurance Corporation	16	6	10	63
19	Zambia Wildlife Agency	14	3	11	79
	Totals	236	106	130	

APPENDIX II

Analysis of Closed and Outstanding Issues for the Financial Year Ended 2013

No	Details	Issues raised	Closed Issues	Outstanding Issues	Percentage Outstanding (%)
1	Development Bank of Zambia	18	12	6	33
2	Kafubu Water and Sewerage Company	13	7	6	46
3	Kitwe City Council	6	6	0	0
4	Local Authorities Superannuation Fund	19	14	5	26
5	Luapula Water and Sewerage Company	11	5	6	55
6	Lusaka Water and Sewerage Company	14	9	5	36
7	Mofed Tanzania	18	9	9	50
8	Mukuba Hotel	15	11	4	27
9	Nkana Water and Sewerage Company	14	10	4	29
10	Patents and Companies Registration Agency (PACRA)	13	9	4	31
11	The Public Service Pension Fund Board (PSPFB)	17	8	9	53
12	Zambia National Building Society (ZNBS)	19	10	9	47
13	Zambia Postal Service Corporation	16	14	2	13
14	Zambia Telecommunications Company Limited (Zamtel)	12	12	0	0
15	Zambia Consolidated Copper Mines Investments Holdings (ZCCM-IH) Plc	11	9	2	18
	Totals	252	170	82	

APPENDIX III

Analysis of Closed and Outstanding Issues for the Financial Year Ended 2015

No	Details	Issues raised	Closed Issues	Outstanding Issues	Percentage Outstanding (%)
1	The Copperbelt University	11	0	11	100
2	Competition and Consumer Protection Commission	13	10	3	23
3	Citizens Economic Empowerment Commission	5	1	4	80
4	Energy Regulation Board	4	0	4	100
5	Food Reserve Agency	6	1	5	83
6	Hotel and Tourism Training Institute (HTTI)	7	1	6	86
7	Judiciary	23	4	19	83
8	National Heritage Conservation Commission	40	16	24	60
9	North Western Water and Sewerage Company	66	22	44	67
10	National Youth Development Council	10	3	7	70
11	Road Development Agency	8	4	4	50
12	Rural Electrification Authority (REA)	6	3	3	50
13	TAZAMA Pipelines Limited	12	7	5	42
14	Water Resources Management Authority	6	3	3	50
15	Western Water and Sewerage Company	47	26	21	45
16	ZESCO Limited	22	0	22	100
17	Zambia National Broadcasting Corporation	29	10	19	66
18	Zambia Railways Limited	48	12	36	75
	Total	399	148	251	