



**REPUBLIC OF ZAMBIA**

**REPORT**

**OF THE**

**PUBLIC ACCOUNTS COMMITTEE**

**ON THE**

**REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE REPUBLIC  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER, 2015**

**FOR THE**

**FIRST SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

**Appointed by the Resolution of the House on 10th October, 2016**

*Printed by the National Assembly of Zambia*

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FIRST SESSION OF THE TWELFTH NATIONAL ASSEMBLY,  
APPOINTED BY RESOLUTION OF THE HOUSE ON 10TH OCTOBER,  
2016**

Consisting of:

Mr H Kunda, MP (Chairperson); Mr A Chiteme, MP; Mr M Mbulakulima, MP; Mr  
C Mweetwa, MP; Mr T J Kasonso, MP; Mr M C Munkonge, MP; Mrs D Mwape,  
MP; Mr K Simbao, MP; Ms B M Tambatamba, MP

The Honourable Mr Speaker

National Assembly

Parliament Buildings

**LUSAKA**

Sir,

Your Committee has the honour to present its Report on the Report of the Auditor  
General on the Accounts of the Republic for the Financial Year ended 31<sup>st</sup>  
December, 2015.

## **Functions of Your Committee**

2. The functions of your Committee are to examine the accounts showing the appropriation of sums granted by the National Assembly to meet the public expenditure, the Report of the Auditor General on these accounts and such other accounts, and to exercise the powers as provided for under *Article 203(5) and (6) of the Constitution of the Republic of Zambia*, Act No. 2 of 2016 as well as *Standing Order No. 153(3)*, Standing Orders of the National Assembly, 2016.

## **Meetings of Your Committee**

3. Your Committee held thirty two meetings to consider the Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31<sup>st</sup> December, 2015.

## **Procedure adopted by Your Committee**

4. With technical guidance from the Auditor General, the Accountant General and the Controller of Internal Audits, your Committee considered both oral and written submissions from Controlling Officers of ministries and institutions that were cited in the Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31<sup>st</sup> December, 2015. The Secretary to the Treasury was also requested to comment on the status of financial management in all the ministries and institutions cited in the Report.

This Report contains the observations and recommendations of your Committee and includes, proposed remedial measures to correct identified irregularities and

weaknesses. The Report is in five parts. Part I of the Report deals with the Auditor General's comments and the response from the Secretary to the Treasury; Part II captures the responses from Controlling Officers on the individual audit queries; Part III contains the Committees Foreign tour to Uganda; Part IV highlights your Committee's general observations and recommendations arising from the Auditor General's Report and Part V deals with the comments by the Secretary to the Treasury on the recommendations of the Public Accounts Committee which have been implemented or partially implemented.

## **PART 1**

### **AUDITOR GENERAL'S COMMENTS AND RESPONSE BY THE SECRETARY TO THE TREASURY**

#### **AUDIT QUERY**

#### **PARAGRAPH 1-6**

#### **Paragraphs 1-5**

#### **1. Audit Comment**

#### **Audit Comment**

In January 2016, the Constitution of Zambia (Amendment) Act No. 2 of 2016 was enacted. The new Constitution include Articles 211 (1) which requires the Minister responsible for Finance to, within three (3) months after the end of each financial year, prepare and submit to the Auditor General, the Financial Report of the Republic in respect of the preceding year. The Auditor General is also required to

submit an Audit Report on the said Financial Report to the President and the National Assembly not later than nine (9) months after the end of each financial year in respect of the preceding financial year. This Report was submitted to His Excellency, the President and the National Assembly for tabling in the National Assembly in accordance with the Provisions of Article 212 of the Constitution of Zambia.

Each Appropriation Account as reflected in the Financial Report for the Year ended 31<sup>st</sup> December 2015, was certified in accordance with the provisions of the Public Finance Act No. 15 of 2004. This Report only contains issues that remained unresolved during the audit process as at 30<sup>th</sup> September 2016.

### **Treasury Response**

The Secretary to the Treasury submitted that the facts were correctly stated by the Auditor General in the report on the Accounts of the Republic for the Financial Year Ended 31<sup>st</sup> December 2015. The Report was tabled before the National Assembly in accordance with the provisions of Article 212 (I) of the Constitution of the Republic of Zambia after certification of each appropriated Account as reflected in the Financial Report for the year ended 31<sup>st</sup> December, 2015 which was tabled before Parliament by the Minister of Finance in accordance with the provision of the Constitution of the Republic of Zambia.

However, the Secretary to the Treasury regretted that some matters remained unresolved as at 31<sup>st</sup> August, 2015 and this caused their being included in the report.

## **Committee Observation and Recommendations**

Your Committee notes the response but urges the Secretary to the Treasury to ensure that a detailed programme on handling outstanding issues be developed and implemented in light of the fact that outstanding issues are statute barred after seven years.

## **2. Statement of Responsibility**

### **Audit Comment**

According to the Public Finance Act No.15 of 2004, the Minister responsible for Finance shall, subject to the provision of the Constitution and the Act, have management, supervision, control and direction of all matters relating to the financial, planning and economic management of the Republic. The Minister is the head of the Treasury established under the Act and is responsible for policy and other decisions of the Treasury except those designated under Section Six (6) of the Act to the Secretary to the Treasury.

In exercising these powers, the Secretary to the Treasury designates a Controlling Officer to be in charge of each head of expenditure and revenue programmes provided for in the financial year. The responsibilities of the Controlling Officers are outlined in Section 7 (3) to (9) of the Act and include the preparation and submission of financial statements for audit and certification before inclusion in the Financial Report. The audited financial statements are then submitted to the Secretary to the Treasury for the preparation of the Annual Financial Report for tabling in the National Assembly by the Minister responsible for finance in

accordance with the provision of Article 211(1) of the Constitution of the Republic of Zambia.

### **Treasury Response**

The Secretary to the Treasury reported that the Treasury, did ensure that each Controlling Officer performed his/her duties as outlined in Section 7(3 to 9) of the *Public Finance Act No. 15 of 2004* by preparing and submitting Certified Financial Statements for audit and inclusion in the Financial Report.

### **Committee Observation and Recommendations**

Your Committee urges the Secretary to the Treasury to ensure that Controlling Officers prepare and submit the Financial Reports for their respective MPSA's so that the Financial Reports for the Republic are tabled before the National Assembly of Zambia by June of every year, in line with *Article 211(1) of the Constitution of the Republic of Zambia*.

## **3. Audit Scope**

### **Audit Comment**

The audit scope included Government Ministries and Provinces as contained in the Financial Report of the Republic. The audit covered Revenue and Expenditure on the accounts for the Financial Year ended 31<sup>st</sup> December 2015 as well as physical inspections of projects.



The reports on the audit of Constituency Development Funds and the Grants to Local Authorities would be included in the audit report on Local Authorities.

### **Treasury Response**

The Secretary to the Treasury reported that the facts were as stated by the Auditor General.

### **Committee's Observation and Recommendations**

Your Committee notes the response by the Secretary to the Treasury on the matter.

## **4. Audit Methodology**

### **Audit Comment**

The Report is as a result of programmes of test checks, inspections and examination of accounting, stores, projects and other records maintained by the Public Officers entrusted with handling Public Resources. The audit programmes were designed to give reasonable assurance of financial management in the Government and to enable the expression of an appropriate audit opinion on the financial statements for the year. They were also intended to provide information that would assist the National Assembly in its oversight responsibility over the application of public resources and execution of programmes by the Executive.

During the course of preparing the Report, each Controlling Officer was sent appropriate Draft Annual Report Paragraph (DARP) for comments and

confirmation of the correctness of the facts presented. Where the comments varied with the facts presented, and were proved to be valid, the affected DARPs were amended accordingly.

In order to ensure that the limited audit resources are directed towards the most risky areas of Government operations, a risk based approach in prioritizing the clients was used.

### **Treasury Response**

The Secretary to the Treasury commended the methodology used by the Auditor General and also stated that the Office's interaction with various Controlling Officers was encouraging as it provided checks and balances in the management of public resources. The Secretary to the Treasury further applauded the Office of the Auditor General for availing vital information which assisted Parliament in its oversight responsibility over the management of public resources by the Executive.

### **Committee's Observations and Recommendations**

Your committee urges the Secretary to the Treasury to initiate and conduct a comprehensive induction programme at the commencement of every financial year to all Controlling Officers as well as the Sub-Warrant Holders on the general provision of the *Public Finance Act*, the *Financial Regulations*, *Stores Regulations*, *Procurement Regulations* and other administrative issues. This should be facilitated by key institutions such as the *Zambian Public Procurement Agency (ZPPA)*, Auditor General's among others.

- **Limitation of Scope**

- i) **Budget and Funding**

### **Audit Comment**

During the year 2016, the Office was allocated a budget of K27, 014,052 for Recurrent Departmental Charges to audit the accounts for the financial year ended 31<sup>st</sup> December 2015 as compared to a budget of K48, 273,302 in respect of the audits for the financial year ended 31<sup>st</sup> December 2014.

It should be noted that although the amended Constitution required the Auditor General to audit the Financial Statements by 30<sup>th</sup> May and to produce and submit the Report by 30<sup>th</sup> September 2016, as of April 2016, only amounts totaling K6,751,171 had been released. In July 2016, an additional K10, 000,000 was released bringing the total released amount to K16, 751,171 as of August 2016. The reduced budget and funding adversely affected the execution of audit assignments.

### **Treasury Response**

The Secretary to the Treasury informed your committee on reduction in the budget provision and the release of only sixty-two percent of the budgeted funds and stated that it was due to Constitutional commitments, as the mandate to fulfilling them took precedence over other matters. Furthermore, the Secretary to the treasury cited the economic landscape in the country in

relation to commodity prices as one of the major challenges faced by the treasury and that this had a direct impact on revenue levels of the Republic.

However, the Secretary to the Treasury informed the Committee that the treasury shall always endeavor to provide adequate funds to the Auditor General as long as the revenue levels were adequate.

### **Committee's Observations and Recommendations**

Your Committee notes the challenges highlighted by the Secretary to the Treasury arising from the political calendar. However, now that the elections are done, it is the expectation of your Committee that funding and the subsequent releases to the Office of the Auditor General will improve so as to enable the office discharge its broadened constitutional mandate without any incumberances.

#### **ii) Staff Constraints**

##### **Audit Comment**

Although the staffing position in the Office has over the years been improving, staffing levels are still not commensurate with the number of Government programmes being undertaken throughout the Country. As of August 2016, out of a total establishment of 737, 639 positions had been filled, ten (10) were vacant with eighty eight (88) staff positions frozen. The Treasury had not granted authority for their reactivation. This had a negative impact in that it limited the audit coverage.

With the new legal requirements to audit local authorities effective January 2016, the Office will require additional staff to adequately carryout this mandate.

### **Treasury Response**

The Secretary to the Treasury noted the concerns and informed the Committee that the Treasury would engage the Auditor General to address the challenges of filling the eighty-eight vacant positions in order to improve staffing levels of the institution.

### **Committee's Observations and Recommendations**

Your committee notes the response and urges the Secretary to the Treasury to ensure that Treasury authority is granted for the eighty-eight frozen positions to be filled before the end of the 2017 financial year.

## **5. Internal Control**

### **Audit Comment**

The Public Finance Act No. 15 of 2004 provided for the formation of Audit Committees in all Ministries, Provinces and Spending Agencies (MPSAs). Although formed in the MPSAs, most of the Audit Committees have not been operational and therefore not provided the required oversight of enhancing Corporate Governance in the MPSAs. In addition, there were weak internal controls observed in MPSAs which included; flouting of procurement procedures;

failure to account for stores procured; failure to undertake activities which were paid for; undelivered materials; failure to collect revenue due to Government; failure to terminate retired or deceased officers from the payroll; poor custody of financial records; non-processing of data in the IFMIS leading to incomplete financial statements; and misapplication of funds among others.

### **Treasury Response**

The Secretary to the Treasury reported that in order to address the highlighted weaknesses by the Auditor General, the Secretary to the Treasury was implementing various interventions as outlined below:

- i) Acceleration of the roll-out of the Treasury Single Account (TSA);
- ii) Acceleration of the roll-out of IFMIS to decentralized Ministries such as the Ministries of General Education, Agriculture, Community Development and Health;
- iii) The introduction of new innovations in collection and accounting for Government Revenues through the divorcing of Public Officers from handling cash by engaging Commercial Banks to collect Revenues through Point of Sale systems, Teller implants etc;
- iv) Strengthening of Internal Control Systems in MPSA's through the enhancement of Internal Audit Units;
- v) Revision of the *Public Finance Act* to make it more effective;
- vi) Capacity Building;
- vii) Integration of the Payroll Management Establishment Control System, (PMEC) Integrated Financial Management and Information Systems (IFMIS) and Zambia Revenue Authority (ZRA);

- viii) Implementation of the E- Procurement System; and
- ix) Inclusion of a clause on “Prudent Public Finance Management” among Key Performance Areas (KPA’s) in the performance contracts signed by the Permanent Secretaries.

### **Committee’s Observations and Recommendations**

While noting the actions by the Treasury in an effort to address the numerous queries contained in the Auditor General’s Report, your Committee expresses concern with the laxity exhibited by the Treasury in providing the much needed supervision to MPSA’s. It is disheartening that despite clearly stated provisions in the *Public Finance Act of 2004*, the Audit Committees are not operational in most MPSA’s. The Secretary to the Treasury is urged to ensure that the Audit Committees are constituted and operational in all MPSA’s without any further delay.

## **PART II**

### **ZAMBIA REVENUE AUTHORITY (ZRA)**

#### **AUDIT QUERY**

#### **PARAGRAPH 6**

**PROGRAMMES :**        **Income Tax-Zambia Revenue Authority (ZRA)**

Mineral Revenue

Customs and Excise

Value Added Tax

Exceptional Revenue

**ACTIVITIES**        :        Various

#### **Weaknesses in Collection and Accounting for Revenue**

In Paragraph 7 of the Auditor General's Report for the financial year ended 31<sup>st</sup> December 2014, mention was made of various issues which included arrears of tax, reduction in tax arrears without supporting payments, failure to honour Time to Pay Agreements and uncollected duties on transits among others.

In their report to the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee (PAC) urged the ZRA's Debt Recovery Unit to work efficiently and effectively; ensure the transitions of the systems are well managed; and all Time to Pay Agreements were honoured without any further delay by imposing stringent penalties against defaulters. A review of records in respect of revenue collections during the financial year ended 31<sup>st</sup> December 2015 revealed that the weaknesses still existed.



In particular, the following were observed to which the Controlling Officer responded as set out below.

**a) Failure to Meet Revenue Targets on Some Individual Tax Types - K2,057,789,533**

The Controlling Officer submitted that the overall negative performance in respect to the Government's target for 2015 on Customs Duty, Excise Duty and other charges, was attributed to the following key factors:

- The slump in import volumes by major importers such as Kansanshi Mining PLC, Kalumbila Minerals Ltd, Lubambe Copper Mine Ltd, Sable Zinc Kabwe Ltd, LIMECO Resources Ltd, Action Auto Ltd, GOTV Zambia Ltd, MASSTORES (PTY) Ltd – Zambia Branch, Budget Stores Ltd and IHS Zambia Ltd among others, which was attributed to the depreciation of the Kwacha against major currencies. Furthermore, the mines experienced the slump in import volumes of taxable transactions due to low copper prices on the international market which increased mining output to be financially not viable in 2015;
- there was a revenue loss amounting to K3,451.7 million as a result of various concessions;
- the depreciation and fluctuation of the Kwacha against major currencies in the year under review further contributed to the slump in volumes of taxable imports;

- the intermittent network connectivity challenges and system problems that occurred in 2015, negatively affected operations at most stations particularly Chirundu One Stop Border Post (OSBP), Kenneth Kaunda International Airport (KKIA), the Centralised Processing Centre at Lusaka Port (CPC-Lusaka), Mwami Border Post, Nakonde Border Post and Livingstone Port Office, which affected the processing efficiency and collection of additional revenue;
- the load shedding experienced countrywide in 2015 had an impact on the operations of the Institution and ultimately affected the processing efficiency, particularly at stations such as Nakonde which was connected to the ZESCO optic fibre link. This affected the collection of additional revenue. The load shedding also had a negative impact on the performance of the trade taxes as the mines and other economic players in the manufacturing sector were forced to scale down their production capacities, which in turn reduced the demand for imported consumables used in the production process; and
- there was a slump in import volumes by major importers through Chirundu One Stop Border Post (OSBP) in the year under review, particularly in April. The increase in the load shedding of power by ESKOM in the Republic of South Africa (RSA) to major industries in RSA, as well as the impact of a weak Rand, affected production costs, ultimately leading to high prices of goods imported from South Africa.

Your Committee was also informed that the revenue performance in 2015, was negatively affected by key challenges experienced during the

transitional process, following the implementation of the Centralised Processing Centre (CPCs). These challenges, among others, are highlighted below.

- delays in responding to queries by agents as they were slowly adapting to the new e-features of the Centralised Processing Centre(CPCs);
- most agents depended on the Data Transmission Interface (DTI) equipment to respond to e-queries; and
- the slow speed in adapting to the new Centralised Processing Centre(CPC) processes by both internal and external stakeholders also had a negative impact on the revenue outturn as this affected the processing efficiency.

With regard to the deficits on the various tax types, the Controlling Officer submitted specific reasons that contributed to the under collections as set out below.

***i) Company Tax***

The deficit of K36 Million was attributable to the policy changes made to the Income Tax and Mineral Royalty Regimes at the beginning of the year 2015.

## ***ii) Individual Self Employed***

A deficit of K 16.6 million was recorded under this tax type. The negative performance was attributed to the low compliance in the period under review. Measures had, however, been put in place to improve the compliance levels.

## ***iii) Employed Individual***

There was no collection reported under this tax type, resulting in the same amount being recorded as a deficit. This was attributed to the non-classification of this tax type on the system. As a way forward however, a process of classifying the administration of this tax type had commenced.

## ***iv) Pay As You Earn***

In the year under review, K11 million surplus was collected as Pay As You Earn (PAYE), which was attributed to the increased compliance and debt collection activities under the Domestic Taxes and Finance Divisions. Notable payments were from Government Ministries and Departments, ZESCO and some large mining companies.

## ***v) Withholding Tax (Rent, Interest and Royalties)***

On the collections related to withholding tax on rent, interest and royalties, the Authority collected a total of K1,491 million in the year under review. However, due to unforeseen circumstances, the amount was captured under

Employed Individuals Tax Type in the table availed for audit. This tax type had no collections in the year under review. The records to support the collections of this tax were available for verification.

Furthermore, as earlier clarified, the collection recorded an excess of K40 Million in withholding tax on rent, interest and royalty payments due to the increased compliance activities undertaken by the Authority. Your Committee was informed that in order to enhance compliance in the collection of this tax type, ZRA had implemented the Block Management System for monitoring commercial and individual property owners' tax compliance.

***vi) Withholding (Dividends)***

A surplus of K33 million was recorded for withholding tax on dividends in the year under review. The positive performance was attributable to companies that increased their dividend payouts in 2015 compared to 2014.

***vii) Withholding Tax (lump sum)***

The surplus of K10 million recorded on the Tax was attributed to the increased number of taxpayers getting lump sum payments after their retirement.

**viii) *Withholding Tax (Contractors)***

The K85 million surplus was attributed to the increased number of subcontracted services by mining companies.

**ix) *Property Transfer Tax***

The surplus of K 76 million recorded in property transfer tax was attributed to the increase in the number of property transactions in the property market in 2015.

**x) *Mineral Royalty***

The surplus of K855 million recorded in the period under review was due to the policy changes made to the mineral royalty and company tax ( mining) tax regimes, that were pegged at 20% open pit mining and 9% underground mining at the beginning of the year, but later adjusted downward to 6% for both mining regimes. These policy changes had a big impact on the amounts collected from the affected taxpayers as the reduction resulted in increased compliance.

**xi) *Customs Duty***

The negative performance in Customs Duty against the target was attributed to increased import volumes from the Southern Africa Development Community (SADC) region particularly South Africa where Customs Duty was not collected due to the existence of the preferential

trade agreement. In the year 2015, the revenue lost on account of the various concessions amounted to K3,301.8 million.

Furthermore, the depreciation and fluctuation of the Kwacha against major currencies contributed to a slump in volumes of taxable imports, thereby negatively affecting this tax type. To this effect, the potential revenue at registration for this tax type declined by K44.4 million or 2.3 percent compared to 2014.

Additionally, the negative performance in Customs Duty was attributed to the low processing efficiency in the year under review caused by system and payment compliance challenges, which translated into the accumulation of assessed not paid transactions (debt) amounting to K38.5 million in Customs Duty.

***xii) Excise Duty – Motor Vehicles***

Excise Duty was collected on certain types of motor vehicles at importation or when they were being removed from bond, for final consumption. There was a decline in the number of vehicles imported in 2015 due to the depreciation of the Kwacha against major currencies.

***xiii) Excise Duty - Cigarettes***

Cigarettes were mostly imported and were prone to illicit trade which had been reducing the amount which was collectible. The taxes under this regime were two tier that was both ad valorem (145%) and specific tax

(K200.00 per mille). The specific was predominantly used as it was set higher than the ad valorem. Therefore, if the volumes were static or reducing, the revenues were bound to reduce.

***xiv) Excise Duty - Opaque Beer***

Excise Duty on opaque beer had been static for close to ten years, implying that growth could only originate from volumes. However, where the volumes had reached saturation point, the growth in revenues was affected. The profiling of the target had not taken this into account and, therefore, the Authority would be undertaking a review of the target to conform to the current status.

***xv) Excise Duty - Clear Beer***

Excise Duty on clear beer was reduced from 60 per cent to 40 per cent with a projected growth in import volumes as a result of this measure. Furthermore, the expectation was that the locally produced clear beers would sale cheaply, thereby increasing the overall volume of sales. However, the volumes of imports reduced due to the depreciation of the Kwacha against major currencies, thus the collections were based on lower volumes than the projections used to come up with the target. Therefore, the budgeted tax revenues could not be collectible as they were budgeted for at high volumes which were equally affected by the price adjustment by the industry to accommodate the increase in production costs as key inputs for the locally produced clear beer were also imported, which could consequently have led to reduced demand.



***xvi) Excise Duty - Airtime***

The deficit was attributed to lower than projected sales.

***xvii) Excise Duty - Cosmetics***

The Authority collected K22, 157,280.70 in the year under review leading to an under collection of K99, 932.30. However, due to unforeseeable circumstances, the collected amount was captured under export duty on the scrap metal tax type in the table provided in the Auditor General's Report. The records to support the collections were available for verification.

The Controlling Officer further submitted that the deficit in excise duty on cosmetics was attributed to the depreciation of the Kwacha which had a negative impact on imports, resulting in reduced import volumes of cosmetic products, thereby performing below the projected growth in this tax type.

***xviii) Excise Duty – Carbon***

The Controlling Officer explained that Excise Duty – Carbon also commonly known as Carbon Emission Surtax (CES), was collected on vehicles at: first importation (valid for a year) for visitors and tourists (CIPs); and foreign commercial trucks that were bringing cargo into the country (valid for nine days).

This Duty was also charged annually on vehicles that were already registered in the country by RTSA. Your Committee was informed that Carbon Emission Surtax (CES) charges varied according to the engine capacity of the vehicle. Therefore, the amount collected was dependent not only on the number of the vehicles that were imported into the country or the number of foreign commercial trucks and visitors' vehicles that entered the country but also on their make and engine capacity (size).

The deficit against the profile could be partly attributed to a decline in the number of vehicles imported in 2015 due to the depreciation of the Kwacha against major currencies. Furthermore, commercial traffic volumes were lower than anticipated due to the depreciation of the Kwacha as well as a slump in import volumes by some of the major mines, thereby dampening Carbon Emission Surtax (CES) collections.

***xix) Excise Duty – Plastics***

The Controlling Officer submitted that the deficit in excise duty on plastic sacks was attributed to the depreciation of the Kwacha which had a negative impact on imports, resulting in reduced import volumes of plastic sacks, thereby performing below the projected growth in this tax type. He informed your Committee that the excise duty from plastic sacks in 2015 was mostly from locally manufactured plastics which were cheaper, thereby, further reducing the tax base for this tax type.

**xx) *Motor Vehicle Fees***

The under-performance in the Motor Vehicle Fees was also attributed to the reduced import volumes of motor vehicles in 2015 due to the depreciation of the Kwacha against major currencies.

**xxi) *Rummage Sales, Warehouse Rent, Accounting Fees, Fines, License Fees and Other Revenue***

Your Committee was informed that the under collections on these tax types were as a result of overstated projections of the estimates. The Controlling Officer submitted that the Authority would review the projections to conform with the actual collections as basis for future estimates.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Authority to meet the revenue targets on the individual tax types in question. It observes that the under collection of K2, 057,789,533 amounts to a breach of duty by the ZRA and affects the overall budgeted revenue. Your Committee, therefore, urges the Secretary to the Treasury to ensure that ZRA devises realistic and achievable revenue targets going forward, in order to avoid such huge deficits in the expected Government revenue.

## **b) Treasury Unit**

### **i) Failure to Recover Domestic Tax Debt - K24,430,802,916**

The Controlling Officer submitted that the Domestic Tax Debt increased by 280% in the year under review, beginning with a debt stock of K24.4 billion and increasing to K29.48 billion as at October, 2016. He informed your Committee that the Authority, through the Debt Recovery Unit, made significant efforts to recover outstanding domestic tax debt using the available measures that had since reduced the debt to K25.93 billion at the end of October, 2016. The Debt Recovery Unit collected K743.14 million against an annual target of K392.93 million on tax arrears as at 31<sup>st</sup> October, 2016. This performance was attributed to further interventions being made to enhance the debt recovery. These interventions included:

- increase of staff complement in the Debt Recovery Unit to ensure a nationwide geographic coverage;
- implementation of the compulsory e-payment for medium and large taxpayers, with effect from 1<sup>st</sup> November, 2016 in order to eliminate the reconciling items arising from timing differences caused by the Real Time Gross System (RTGS) payment;
- heightened reconciliation of taxpayer accounts to establish the correct debt position. In this regard, as at the end of October, 2016, the Debt Recovery Unit had referred cases valued at K13.97 billion to

Domestic Taxes Division for reconciliation. So far, K223.94 million had been established as debt earmarked for recovery

### **Committee's Observations and Recommendations**

Your Committee is concerned with the inefficiencies in the collection of taxes exposed by the audit. Your Committee observes that the country cannot afford such inefficiencies which impact negatively on Government revenue. Your Committee strongly urges the Zambia Revenue Authority Management to put in place concrete measures to enhance domestic tax collections. Your Committee will await a progress report on the recovery of the domestic tax debt.

#### **ii) Failure to Honor Time To Pay Agreements (TPAs) – K33,918,732**

The Controlling Officer informed your Committee that the current debt status of the taxpayers who defaulted on their Time to Pay Agreements (TPAs) were being reconciled by the Domestic Taxes Division. Once the debt status was established, recovery action using instruments such as warrants of distress, and garnish orders would be utilised to recover the outstanding tax arrears.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the failure by management of the Authority to enforce the debt recovery instruments when taxpayers fail to honour Time to Pay Agreements increases the tax debt, and negatively

affects the financial stability of the nation. Your Committee urges the management of the Authority to ensure that the outstanding TPAs are promptly reconciled and requests an update on the enforcement of the outstanding TPAs. Your Committee will await a progress report on the matter.

**iii) Failure to Seize Assets from Taxpayers after Expiry of Warrant of Distress – K148,324,422**

The Controlling Officer explained that the Authority had a constraint of storage space for seized assets from defaulting clients. Therefore, only limited goods and chattels distrained were stored at the ZRA premises. Your Committee was informed that the Act was used to administer, seizure and provide for the storage of distrained goods at either the ZRA or taxpayers' premises, where feasible. The case in question was a situation where the Debt Recovery Unit had seized assets as in the case of *The Post Newspapers* and CP Crane within their premises.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the apparent lack of commitment by the ZRA management to seize assets from defaulting tax payers as provided for by the credit manual. Your Committee directs the ZRA management to immediately effect the law and ensure that all the outstanding debt is recovered. Your Committee will await a progress report on the matter.

**iv) Reduction in Tax Arrears without Supporting Payments - K80,264,558**

The Controlling Officer informed Your Committee that the Debt Recovery Unit in conjunction with the Domestic Taxes Division had embarked on extensive taxpayer account reconciliations. These reconciliations usually resulted in debt reduction that may not result in actual collections, but corrections of the taxpayer account ledgers, hence the non-availability of supporting payments. He further explained that the waiver of penalties and interest arising from the timing differences caused by the Real Time Gross System (RTGS) payment also caused a reduction in the debt stock without corresponding payments.

**Committee's Observations and Recommendations**

Your Committee is concerned that without adequate internal controls, the reconciliation process can be subject to abuse by unscrupulous persons. Your Committee urges the Controlling Officer to ensure that relevant supporting documents in respect of K80, 264,558 are availed to the Office of the Auditor General for verification. Your Committee awaits a progress report on the matter.

**c) Domestic Taxes**

**i) Failure to File Tax Declarations - K350,874,561**

The Controlling Officer submitted that the Authority had automated the issuance of notices to taxpayers who did not submit returns. The penalties

relating to failure to submit returns were generated within the system. Your Committee was informed that the major taxpayers who had not been filing PAYE returns were mainly Government ministries and agencies with unsubmitted returns valued at K270,970,734.80. The other non-filers of PAYE returns were small taxpayers who needed more sensitisation and internet access.

Your Committee was further informed that the Authority was increasing PAYE filing for the smaller to medium taxpayers by opening internet bureaus in the provincial centres where such taxpayers were assisted to file. Further engagements had been held with the Ministries and Agencies through sensitisation workshops on the e-filing of returns.

Table 1 below is an update of payments made without returns, submitted from the time of the last response to the Auditor General to date.

<b>Tax Type</b>	<b>Payments without Returns at Audit Date</b>	<b>Payments without Returns as of 04/11/2016</b>
Income Tax	1,734,414.00	1,033,008.00
Mineral Royalty Tax	157,359.00	105,119.00
PAYE	330,264,046.00	283,392,252.00
Property Transfer Tax	2,511,015.00	2,137,234.00
Turnover Tax	4,329,846.00	3,149,901.00
Value Added Tax	7,848,858.00	6,215,632.00



Withholding Tax	4,029,023. 00	3,392,371.00
<b>Grand Total</b>	<b>350,874,561. 00</b>	<b>299,425,517.00</b>

Out of the K299,425,517 payments without returns cited in Table 1 above, K270,970,734.80 or 90% was attributable to government ministries and agencies as shown in Table 2 below. Table 2 indicates a breakdown of the amount attributable to the respective ministries and agencies:

*Table 2*

<b>TPIN</b>	<b>TAXPAYER</b>	<b>AMOUNT</b>
1002332810	Ministry of Community Development and Social Services	88,579,441.00
1002332309	Zambia Army Headquarters	60,810,738.00
1002328153	Cabinet Office	38,517,179.00
1002332437	Zambia National Service	33,501,507.00
1002331995	Ministry of Defence	26,426,352.00
1002332054	Ministry of Foreign Affairs	6,564,193.00
1002332085	Ministry of Labour and Social Services	2,861,020.00
1002332092	Ministry of Lands	2,079,399.00
1002329092	Office of the President - State House	1,983,658.00
1002332026	Ministry of Tourism Environment and Natural Resource	1,451,005.00
1002332123	Ministry of Mines and Minerals	1,419,523.00
1002332033	Ministry of Energy and Water Development	1,367,113.00
1002332827	Ministry of Communication and Transport	1,333,481.00
1002332834	Ministry of Commerce Trade and Industry	1,219,293.00
1002332078	Ministry of Information and Broadcasting Services	1,202,371.00
1002332147	Ministry of Sport Youth and Child Development	878,590.00
1002329085	Office of the President - Provincial	355,223.11

<b>TPIN</b>	<b>TAXPAYER</b>	<b>AMOUNT</b>
	Administration	
1002358986	Provincial Administration - Northern Province	144,106.07
1002329130	Provincial Administration - Copperbelt Province	125,920.62
1002355572	Ministry of Gender and Child Development	62,860.00
1001777659	Zambia Prisons Services-Headquarters	43,914.00
1002329168	Provincial Administration - Lusaka Province	40,404.00
1002332451	Zambia Police Force Headquarters	3,444.00
<b>Grand Total</b>		<b>270,970,734.80</b>

### **Committee's Observations and Recommendations**

Your Committee finds the non filling of returns by some tax payers unacceptable. Your Committee urges ZRA management to carry out sensitisation programmes to create awareness among taxpayers on the need to file the returns. Your Committee also urges the Secretary to the Treasury to intervene in the matter by ensuring that stringent measures are put in place to follow up the outstanding tax returns and that the database is expeditiously updated. Your Committee resolves to await a progress report on the matter.

#### **ii) Failure To Collect Mineral Royalty Tax – K200,205,123**

The Controlling Officer informed your Committee that the liability of K 200,205,123 was from seventeen taxpayers, including Lumwana Mining Company with a liability of K177,830,678. The mining company had appealed to the Minister of Finance for a waiver of the outstanding

amounts. However, ZRA was still pursuing the company for payment of the liability as no response had been received on the appeal. Your Committee was further informed that the process to recover the outstanding liability of K22,374,445 from the sixteen other taxpayers was ongoing through the Debt Recovery Unit.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the ZRA management to collect Mineral Royalty Tax which deprives the Government of much needed revenue. Your Committee strongly urges the Secretary to the Treasury to implement measures to collect the tax arrears in Mineral Royalty, without further delay. Your Committee awaits a progress report on the matter.

#### **iii) Property Transfer Tax - Lack of Supporting Documentation - K9,107,507**

The Controlling Officer submitted that the twenty one files in question that were not presented to the auditors were actively being followed up. He explained that the Authority was in the process of implementing an Electronic Management System which was expected to bring about improvements in terms of file retrieval from the registry and would create efficiencies in the retrieval of files for verification.

The Controlling Officer further submitted that out of the twenty one outstanding cases, one case involving an amount of K468, 480.00 was already verified from Small Tax Office Lusaka under Medium Tax Office Kitwe and, therefore, should not be on the schedule.

### **Committee's Observations and Recommendations**

Your Committee finds the explanation by the Controlling Officer unacceptable as measures should have been taken to secure the required documentation and avail it to the auditors during the time of audit. Your Committee strongly urges the Controlling Officer to take stern disciplinary action against the officers who failed in their duties in this regard. Your Committee also urges ZRA management to locate the missing documentation and avail it for audit without delay. Your Committee will await a progress report on the matter.

#### **a) Customs Taxes**

##### **i) Uncollected Duties on Transits - Removals in Transit K26,769,644/Removals in Bond-K1,390,769**

The Controlling Officer clarified that the amount of the outstanding Removals In-Transit (RITs) on account of the six stations cited above currently stood at K20,257,412, representing a reduction of 24.3 percent from the figure of K26,769,644.00 as reported in the Audit Report

while the amount of outstanding Removals In-Bond (RIBs) from the three stations cited above currently stood at K633,379 as at November, 2016, representing a reduction of 54.5 percent from the figure of K1,390,769 reported in the audit. The Table below, indicates the details per station on the matter.

**Total Uncollected Duties on Transits as at 2<sup>nd</sup> November, 2016.**

<b>Destination Port</b>	<b>Outstanding Guarantee Amount (K) - RIT</b>	<b>Outstanding Guarantee Amount (K) - RIB</b>
CHR	2,439,101.00	
KTW		93,426.00
KZU	2,989,392.00	
LIA	6,955.00	
		410,216.0
LKA		0
MWA	574,675.00	

		129,737.0
NDO		0
	10,042,846.0	
NKO	0	
VFL	4,204,443.00	
	<b>20,257,412.0</b>	<b>633,379.0</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>

Your Committee was informed that there were three main causes of these long outstanding RITs. Firstly, was the lack of automated systems at entry and exit gates to facilitate real-time acquittal of transits and as such, recording of acquittals were only done at the end of the day, resulting in lapses such as misplacement of documents, among others. Second was the absence of a mechanism for monitoring transits particularly the risky goods that were susceptible to transit fraud. Thirdly, there were sometimes system technical challenges where, either the records could not be acquitted on the system or they got duplicated in certain instances.

In order to address the above challenges, the Controlling Officer informed your Committee that the Authority had embarked on a data clean up exercise for transits whose first phase ended on 29<sup>th</sup> May, 2016. This accorded the Authority an opportunity to undertake appropriate reconciliations and ascertain the genuinely outstanding transactions. However, in some instances, transactions which were indicated as outstanding on the system were later proved not to be genuinely outstanding when the respective stakeholders provided the paperwork to prove acquittal. To this effect, all Station Managers had been directed to ensure that all the submitted acquittals by the agents and other

stakeholders were timely acquitted on the system by 29<sup>th</sup> May, 2016. Further, any outstanding transits processed in 2015 and in earlier years would subsequently be recommended for bond redemption. This exercise was, however, further extended to 31<sup>st</sup> December, 2016, to allow clearing agents ample time to account for the outstanding obligations. It was as a result of this clean up exercise, among others, that outstanding transits on account of the nine stations cited in the audit query had reduced.

Your Committee was further informed that the Authority was actively pursuing solutions to address the root causes of these long expired unacquitted transits on the system. In this regard, the initiatives under implementation other than the data clean up exercise earlier alluded to, included the following measures;

- the deployment of Tablet Personal Computers (PCs) at all stations including at the Entry and Exit Gates to facilitate Real Time acquittals of transits. The Controlling Officer explained that one of the causes of the outstanding transits has been that there were no automated systems at the Entry and Exit Gates to facilitate real-time acquittal of transits. The records were being captured manually in a book and later updated in the ASYCUDA system and this was one source of the lapse. Furthermore, the Authority, with the support of cooperating partners was implementing Wi-Fi zones at the Customs Control Zones at the Borders to ensure that system availability was enhanced and that Tablet PCs could be accessed including the Exit and Entry Gates to facilitate, among other things, real-time acquittal of transits;

- the pilot phase for the implementation of the COMESA Electronic Cargo Tracking (Monitoring) System (ECTS), which was expected to also mitigate risks associated with transit fraud was rolled out on 16<sup>th</sup> November, 2015. In the long run, the ECTS had capability to monitor goods not only in Zambia but across the participating COMESA Member States and the system would be considered for implementation across transit corridors in future. Your Committee was further informed there had historically been no real-time monitoring of goods in transit and that the implementation of the second phase of the ECTS would commence once challenges observed in the pilot phase were fully resolved. The Controlling Officer submitted that the Authority had already recorded some cases of attempted transit fraud which were intercepted and prevented. Some of the incidences had been reported in the media;
- the Authority had implemented an internal monitoring mechanism in which transporters of identified high risk goods such as, inter alia alcohol, cigarettes, groceries, purported to be in transit were required to report at specific stations along the designated route;
- the Governing Board of the Zambia Revenue Authority had approved a structure and recruitment of additional staff for the decentralised Mobile Compliance Unit (MCU) under the Investigations Department. Currently, the MCU had established a regional presence at the Kapiri Mposhi Enforcement Centre; and



- the increased internal enforcement activities and collaboration with neighbouring countries in terms of the exchange of information with regard to goods that were purported to be in transit was yielding positive results. Your Committee was informed that the Authority was actively working with neighbouring countries to curb incidences of transit fraud and there were plans to interface the systems based on the World Customs Organisation's Globally Networked Customs (GNC) concept and also to implement One Stop Border Posts (OSBPs) at key border areas.

## **Committee's Observations and Recommendations<sup>2</sup>**

Your Committee expresses concern that despite the weaknesses in the collection of duty on transit being highlighted in past reports of the Auditor General, ZRA management has been slow in responding to the various challenges. As a result, the Treasury has continued to lose a lot of revenue. Your Committee strongly urges the Secretary to the Treasury to ensure that the interventions proposed are expeditiously implemented in an effort to arrest the situation. Your Committee further urges the Controlling Officer to ensure that the clearing agents who failed in their duties are charged and that ZRA should redeem the bonds from the insurance companies and banks to recover the taxes due on the goods. Your Committee will await a progress report on the matter.

- ii) Failure to Recover Guaranteed Amounts on Blocked Accounts of Agents with Outstanding Transits - K2,043,467,**

The Controlling Officer submitted that even though the bonds on which the amounts were guaranteed had since expired, the Authority would still recover the taxes and duties on account of those bonds in line with the provisions of Sections 180 and 181 of *the Customs and Excise Act*, Chapter...of the Laws of Zambia.

He explained that the Authority had not called on any bond as a cleanup exercise was underway to establish obligations under the removals in bond and removals in transit. Once the exercise was completed, bond redemption measures would accordingly be instituted.

Your Committee was further informed that the Authority faced challenges to enforce debt recovery measures such as calling for bond redemption on account of some clearing companies which had obtained an injunction restraining the Authority from suspending their accounts or calling for bond redemption against their outstanding transits. Your Committee also learnt of another matter before the Courts which could potentially constrain the Authority from compelling agents to account for outstanding transactions.

### **Committee's Observations and Recommendations**

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

### **iii) Amounts Owed in Customs Taxes - K721,528,454**

The Controlling Officer submitted that the total debt on account of Customs Services Division as at 31<sup>st</sup> December 2015 was K511,500,891 as outlined. He, however, clarified that this debt was historical as it covered the period from the year 2002 at the inception of Asycuda++ to 31<sup>st</sup> December 2015 when the Authority upgraded to Asycuda World, and thus included debt that accrued over a period of time during the upgrade. In this regard, the K511,500,891 cited was inclusive of whatever had not been collected in the years prior to 2015 and as such, the uploaded debt amounting to K267.7 million from the Asycuda++ had been a subject of past audits which formed part of the K453.8 million debt that had been settled at the end of 2015. In terms of growth of the debt, the Controlling Officer further clarified that the correct total debt as at 31<sup>st</sup> December 2014 was K453.8 million and as outlined above, the total debt was K511.5 million as at 31<sup>st</sup> December 2015, thus, representing an increase in the year 2015 of 12.7% and not 59% as reported.

In this regard, he explained that the factors leading to the accumulation of debt varied. However, key among them were those outlined below:

- most of the historical debt was on account of consignees with no proper records to facilitate follow-up. Your Committee learnt that a Taxpayer Identification Number (TPIN) was not mandatory prior to January 2011 and as such, a default number (999) was being used for all importations on account of individuals, which currently made it difficult to trace these importers;

- some of the historical debt was on account of both declarants and consignees that were no longer operational; and
- the failure by Government Ministries and quasi-Government institutions to avail necessary documents such as Government vouchers led to such consignments being released on Special Delivery while transactions had remained outstanding on the system.

Your Committee was informed that to address these challenges, the Authority in January, 2011 made it mandatory for both individuals and companies to obtain a TPIN to facilitate the processing of any import and export transaction on the ASYCUDA system. Additionally, the issuance of the voucher for exemption was earmarked for automation under Phase I of the implementation of the National Electronic Single Window, while an alternative mode of funding for quasi-Government institutions had also been proposed unlike the usage of the Voucher.

The Controlling Officer further informed your Committee that management had worked hard to reduce all the outstanding debt and had put in place corrective measures to curtail customs duty arrears accumulation, by developing a computer programme that automatically blocked the Taxpayer's Identification Number (TPIN) for any importer and declarant code for the associated agent who had assessed taxes not paid after five days. In addition, management would continue to implement appropriate strategies in order to reduce the outstanding debt. These strategies included the continued issuance of demand

letters, placement on embargoes of clearing agents, blocking of TPINs, undertaking disposal of seized goods, among other interventions.

In light of the above outlined measures, the amount of debt on account of transactions registered and assessed in 2015 but not paid stood at K146.5 million as at November, 2016 from the initial K267.7 million in the audit report, thereby, registering a reduction of K121.2 million or 45.3 percent over a ten (10) month period.

Furthermore, the Division had continued to submit historical debts every 5<sup>th</sup> of the month to the Debt Recovery Unit (DRU) under the Finance Department for follow up and recovery.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that it has taken the management of ZRA such a long time to address this matter, therefore, depriving the Government of the much needed revenue for financing various programmes. Your Committee urges the Secretary to the Treasury to ensure that the database is expeditiously cleaned up to reflect the actual collectable amounts. Your Committee will await a progress report on the matter.

#### **iv) Motor Vehicles Report Order Not on ZRA Database of Cleared Vehicles - K473,014**

The Controlling Officer informed your Committee that vehicles imported into the country entering through Kazungula and Victoria Falls Boarder posts, including some commercial trucks, were referred to Livingstone Port Office due to infrastructure challenges at these two border Posts and were, therefore, acquitted at the Livingstone Port Office and not at the port of entry.

Your Committee was informed that the Authority had since extended an amnesty to the general public to come forth in an event that their motor vehicles could have been registered with the Road Transport and Safety Agency (RTSA) without proper customs clearance documents by allowing them to clear such vehicles without being charged any penalties and interest. It, was, therefore, anticipated that the said exercise would encourage owners of uncleared vehicles to normalise the clearance status.

Furthermore, the Authority would also engage RTSA to establish whether the subject motor vehicles could have been registered without payment of duties and taxes so that they could be intercepted and accordingly handed over for customs clearance formalities.

In the case of Kazungula, however, it was the Authority's anticipation that this challenge would be mitigated in the long term when the Kazungula bridge and the related One Stop Border Post infrastructure which were under development were implemented.

### **Committee's Observations and Recommendations**

Your Committee finds the submission by the Controlling Officer inadequate as it fails to account for the whereabouts of the motor vehicles in question. Your Committee urges the Controlling Officer to ensure that the vehicles are accounted for and stringent measures put in place to arrest this situation. Your Committee also urges the Secretary to the Treasury to ensure that the facilities at ZRA Kazungula and Victoria Falls stations are upgraded as a matter of urgency to allow the two stations collect customs duty on motor vehicles. Your Committee will await a progress report on this matter.

**v) Failure to Provide Post Clearance Audit Reports – K1, 424,919,674**

The Controlling Officer submitted before your Committee that the Customs Accredited Clients Post (CACP) was a form of the World Customs Organization's (WCO) Authorised Economic Operator (AEO) which was an international tool/facility being used for trade facilitation. It was anchored on the need to reward compliance by differentiating treatment of those compliant against those who were not. Your Committee was informed that CACP members were still monitored through scheduled Post Clearance Audits (PCAs). In this regard, fifteen of the twenty nine companies had presently been given the CACP conditional membership in the year under review after due diligence checks were conducted on them and as such, were not scheduled for full audits in 2015 while some of the old members had been audited in periods prior to 2015.

Additionally, your Committee learnt that it was against international best practices and impractical to subject each and every consignment as proposed by the Auditors to an inspection. To this effect, the Authority, like all Customs Administrations in the world, applied risk management principles which had been operationalised through the selectivity module in Asycuda World and the establishment of a dedicated Risk Management and Intelligence Unit (RMIU).

### **Committee's Observations and Recommendations**

Your Committee expresses concern that this facility, if not well managed, will result in the Government losing colossal sums of revenue due to under declarations on imported goods by the concerned companies. Your Committee, therefore, strongly urges the Secretary to the Treasury to ensure that the post clearance audits are in accordance with the requirements laid out in the facility package. Your Committee will await a progress report on the outstanding audits.

## **MINISTRY OF HOME AFFAIRS - ZAMBIA POLICE**

### **AUDIT QUERY**

### **PARAGRAPH 7**

PROGRAMMES : Fines, Licences and Fees

ACTIVITIES : Various

### **Accounting and Other Irregularities**



7. An examination of the accounting and other records maintained at the Zambia Police Service headquarters and ten other stations revealed various weaknesses, to which the Controlling Officer responded as set out below.

**a) Failure to Reconcile Revenue- K3,668,952**

The Controlling Officer submitted that K1,012,510.29 of the amount had been reconciled. As for the balance of K2,656,381.71, efforts were being made to finalise the reconciliation of the remaining amount.

It was further explained that the discrepancy was as a result of the following factors:

i) Timing Differences

Since some police stations and posts did not easily access banking facilities due to their remoteness; as a cost saving measure these police stations and posts had opted to be banking their revenue once per week. This meant that the revenue collected in the last week of the year 2014 was deposited in the first week of the following year (2015) and according to Ministry of Finance records this revenue was counted to have been collected in the year 2015.

ii) Limited accessibility to statement B sitting on the FMS system and Revenue Transit Account records which were only accessible by the Ministry of Finance prevented us from knowing about this discrepancy much earlier.

## **Committee's Observations and Recommendations**

Your Committee finds the reasons advanced by the Controlling Officer on failure to reconcile revenue not only disjointed but also unacceptable. Your Committee is also alive to the fact that the Ministry has a Chief Accountant whose responsibilities involve ensuring that revenue is reconciled promptly before submission to the Ministry of Finance. Your Committee urges the Controlling Officer to institute disciplinary action against all officers responsible for this irregularity. Further, your Committee calls for the completion of the reconciliation without further delay. Your Committee resolves to await a progress report on the matter.

### **b) Delayed Banking- K4,770,988**

The Controlling officer submitted that it was regrettable that officers had continued to abrogate the financial regulation No. 121 (1) with impunity. For that reason, the Ministry had taken the matter seriously and had so far directed that disciplinary action be taken against the erring officers.

Your Committee was also informed that going forward, the Police Service had been engaging the banking fraternity on the possibility of coming up with a banking solution aimed at minimising the amount of cash being handled by officers. As a result of these engagements with the various banks, dedicated counters banking solution was selected as the most viable solution considering the nature of service and clientele the police service interacts with.

Authority from the Treasury on the operationalisation of the solution was being awaited.

### **Committee's Observations and Recommendations**

While appreciating the efforts made in addressing the matter, your Committee is concerned that delayed banking in the Ministry is a clear case of teeming and lading. Your Committee urges the Controlling Officer to follow up the operationalisation of the dedicated counters banking solution and institute disciplinary action against officers responsible for the delayed banking in order to address the challenge. Your Committee resolves to await a progress report on the matter.

## **MINISTRY OF MINES AND MINERALS DEVELOPMENT**

### **AUDIT QUERY**

### **PARAGRAPH 8**

PROGRAMME : Fees and Fines  
ACTIVITIES : Mining License  
Fees and Surface Rental Charges  
Miscellaneous

## **Accounting and Other Irregularities**

8. An examination of accounting and other records maintained at the Ministry Headquarters carried out from May to June, 2016, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

### **a) Lack of Inspections at Exit Points**

The Controlling Officer submitted that the Ministry prioritised inspections of mining metallurgical operations at large scale mines to enforce provisions of the Mines and Minerals Development Act No.11 of 2015. This was in accordance with the provisions of section 5(11) of the Mines and Minerals Development Act No.11 of 2015. He explained that under the provisions, the Ministry was mandated to regulate exploration, mining, mineral processing, border posts and mineral trading centres but did not have financial and human resources to cover all of them.

In this regard, the Ministry conducted one mineral verification exercise at Kapiri Mposhi in conjunction with the Zambia Revenue Authority from 11<sup>th</sup> to 20<sup>th</sup> November 2015.

The Controlling Officer further informed your Committee that with the coming of the Mineral Value Chain Monitoring Project (MVCMP) under the Zambia Revenue Authority (ZRA) and the Mineral Production Monitoring Support Programme (MPMSP), it was anticipated that more inspections would be conducted at all exit points. Your Committee was also informed that the Ministry had also procured XRF machines through the MPMSP, to facilitate

on-the-spot analysis of minerals being exported at the exit points. In addition, ZRA officials had also been trained on how to use XRF machines for mineral verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that such an irregularity can result in minerals being exported in excess of the quantities reflecting on the export permit as well as be a conduit for illicit exports. In this regard, your Committee sternly urges the Controlling Officer to ensure that the relevant personnel are attached to the border posts in question, in order to enforce the provisions of the Act. He is further urged to ensure that the XRF machines are promptly operationalised in order to avoid the possible loss of Government revenue. In awaiting for a progress report, your Committee requests the Office of the Auditor General to continue monitoring the situation during future audits.

#### **b) Mineral Quantities Exported more than Permitted Quantities by the Ministry of Mines - 6,241,628Kgs**

The Controlling Officer explained that the Ministry only issued export permits whereas ZRA cleared the exports at the borders. In view of the foregoing, the export of minerals exceeding the authorised quantities could have arisen due to lack of mechanisms to link the export permits with the actual export.

Your Committee was informed that the state of affairs in which exporters exported more than what was permissible under the export permit or export

minerals without an export permit was being addressed under the Mineral Value Chain Monitoring Project (MVCMP) and the Mineral Production Monitoring Support Project (MPMSP). The system that was being designed under the two projects would ensure that the quantities assigned to an export permit (permissible quantity) was captured in the system and each time an export was made under that permit, the quantity would be knocked off against the permissible quantity, regardless of the point of exit.

The Controlling Officer further submitted that the Ministry wrote to ZRA, instructing them to abide by the quantities approved as per issued export permit and had issued demand notices to surcharge the erring companies. However, Mineral Royalty was charged on actual exports and as such, no revenue was lost.

### **Committee's Observations and Recommendations**

Your Committee observes that this is a very serious irregularity and that Government revenue can be lost through the exportation of mineral in excess of the unauthorised amounts. Your Committee therefore, urges the Controlling Officer to ensure that the monitoring system is promptly operationalised in order to forestall further irregularities. Your Committee will await a progress report on the matter.

#### **c) Non Enforcement of Export Permit Returns**

The Controlling Officer explained that this was a new provision in the recently enacted Mines and Minerals Development Act, No. 11 of 2015 whose regulations were only issued in January 2016. During the development of the Statutory Instrument, the Ministry omitted to include an Export Permit Return Form.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the Controlling Officer is not insisting that the provisions of the Mines and Minerals Development Act No. 11 of 2015 should be adhered to at the Ministry. In this regard, your Committee sternly cautions the Controlling Officer against this serious lapse. He is urged to ensure that export permit returns are submitted in the prescribed form to avert the irregularity. Your Committee requests the Office of the Auditor General to monitor this matter in future audits.

#### **d) Non-payment of Area Charges by Active Mineral Rights Holders**

The Controlling Officer submitted that out of the 617 mining right holders captured from the mining cadastre system as owing the Government in terms of area charges (ground rent), 227 had since paid. Therefore, a total number of 390 mining right holders were still owing and these had been sent Demand Notices.

He explained that the nonpayment or failure to settle the charges would result in the cancellation of the mining rights. However, even after the cancellation

of the mining rights; the Ministry would still proceed to enforce the Demand Notices until the charges were settled.

The Controlling Officer also submitted that the Flexi-Cadastre system was currently and logistically being updated, and data pertaining to area charges would generate at the prompt of the system without having to refer to physical files. He informed your Committee that a team from the accounting cadre had also been constituted to capture all historical data on area charges with a view to updating the Flexi-Cadastre System.

The Flexi-Cadastre system was also currently being configured to be able to send reminders via emails and SMS to mining right holders for pending payments so that there could be excuses for failure to pay. In addition, the contact details for all mining right holders were being collected to update the Flexi-Cadastre System.

The Ministry would also issue a General Demand Notice to all companies in the print media to ensure that all payments due were settled.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the state of affairs at the Ministry where there is no defined database showing the area occupied by the mining right holders. It observes that there is also laxity by the officers at the Ministry to ensure that the area charges are collected as prescribed by law. In this regard, your Committee urges the Controlling Officer to ensure that the Ministry enhances its efforts in pursuing the outstanding area charges. Your Committee



further urges him to ensure that the system is updated without further delay. Your Committee will await a progress report on this matter.

**e) Missing Accountable Documents**

The Controlling Officer submitted that the ten receipt books which could not be availed at the time of audit had currently been traced and were available for verification. He explained that these books were collected through the headquarters for revenue collection activities at the Solwezi Office.

**Committee's Observations and Recommendations**

Your Committee directs the Controlling Officer to ensure that the documents purported to be available are presented for verification and that the officers responsible be reprimanded in the strongest terms possible. Your Committee awaits a progress report on the matter.

**MINISTRY OF HOME AFFAIRS**

**AUDIT QUERY**

**PARAGRAPH 9**

DEPARTMENT : Immigration

PROGRAMME : 2021 Fees

ACTIVITIES : 123018 Immigration Fees and Charges

**Accounting and other Irregularities**

9. An examination of accounting and other records maintained at the Ministry headquarters and a visit to selected stations carried out in June, 2016 revealed various weaknesses to which the Controlling Officer responded as set out below.

**a) Failure to reconcile revenue – K1,453,596**

The Controlling Officer submitted that there were timing differences in recognising the revenue. The Ministry of Finance collected revenue figures on a cumulative basis from the funds deposited in the banks while the Department collected figures from revenue returns from the various controls, hence the variances in the submitted figures.

The revenue submitted from the provinces was always in various currencies (pound, dollar and kwacha). At the time the Department submits the returns it summarises the same into Zambian kwacha using the average bank of Zambia exchange rates, which results into gain or loss.

**Committee’s Observations and Recommendations**

Your Committee is concerned with the continuous failure by the Ministry to reconcile revenue arising from weak internal controls and poor supervision. The Controlling Officer is urged to strengthen internal controls and supervision by ensuring that responsible officers update revenue collection records on a weekly basis. Your Committee resolves to await a progress report on the matter.

**b) Failure to replace stale cheques- K12,000**

The Controlling Officer reported that revenue at Kenneth Kaunda International Airport (KKIA) was previously being handled by Immigration staff. The current situation was that an accounting staff had now been placed at KKIA and controls had been enhanced.

However, this was not the case for all other major entry points like Chirundu, Kasumbalesa, Kazungula, Livingstone, Nakonde, Harry Mwanga Nkumbula and Simon Mwansa Kapwepwe, which were still being managed by Immigration Officers. Your Committee heard that the officer responsible had since been charged and deductions had been effected beginning October, 2016.

**Committee's Observations and Recommendations**

Your Committee is concerned with the piecemeal approach by the Ministry in addressing the issue of Immigration Officers handling funds at the various collection points resulting in the query. The Controlling Officer is urged to extend the placement of accounting staff to the rest of the major entry points in order to avoid the recurrence of the anomaly. Your Committee resolves to close the matter subject to audit verification.

**c) Failure to adopt N-ZIMS Computer Generated Receipts as official Accountable Documents**

The Controlling Officer stated that N-ZIMS had not yet been cleared by the Ministry of Finance to start issuing receipts for all revenue collected by the department. The department currently collects all revenue using the manual General Receipts and Visa Receipts issued by the Strongroom under the office of the Accountant General at the Ministry of Finance.

The Ministry of Home Affairs, through the Private Sector Development Industrialisation and Job Creation (PSDIJC), under Cabinet Office had already engaged Ministry of Finance (MOF) for a possible inception and funding of a new project dubbed E-Printing Solution in order to enable printing of Permits, Visas and Revenue receipts through the N-ZIMS. Once the MOF verifies the system and approves the components of N-ZIMS, which include revenue collection, receipt issuance procedure and provides the Department with continuous receipts that come with receipt number ranges, the Department would commence the use of the N-ZIMS receipting system.

### **Committee's Observations and Recommendations**

Your Committee finds the reasons advanced by the Controlling Officer on the full implementation of N-ZIMS unacceptable. It is inconceivable that despite the numerous administrative challenges associated with the manual method of generating receipts, no time frame has been given as to when the system upgrade will be done. Your Committee urges the Controlling Officer

to prioritise this activity in the 2017 budget without any further delay. Your Committee resolves to await a progress report on the matter.

**d) Weakness in Management Information Systems**

**i) Failure to Adopt ICT Framework**

The Controlling Officer submitted that the Ministry through Home Affairs, Research Planning and Information Department (HARID) had developed a draft ICT policy for the Ministry which was yet to be finalised. The Ministry was currently working with CEEGIT and the Department of Communications to ensure that the ICT policy being developed was in line with Government Policy on ICTs with regard to ICT equipment, Information security, change management, password administration, disaster recovery, IT continuity Plan and backup of critical data.

However, the Department was currently using the Home Affairs ICT Hand Book which was officially launched in 2014 which outlined how all ICTS should be coordinated, controlled and managed with regards to installations in the Ministry.

**Committee's Observations and Recommendations**

While noting the strides made by the Ministry in adopting ICT frameworks, no time frame has been indicated to actualise this programme. Your Committee is aware that the adoption of the ICT

framework in totality will enhance the efficiency of the Ministry in its general operations. The Controlling Officer is urged to prioritise this activity in the 2017 budget and submit a progress report on the matter.

**ii) Failure to Capture Key Fields N-ZIMS - (K604,553,966)**

The Controlling Officer submitted that the system had since been enhanced under the current Service Level Agreement (SLA) with the developers which allowed users of the system to capture the key fields of the clients at the time of data capture. All key fields had been made mandatory in order to ensure that they were always filled in before the system could proceed to the next level.

Further, the Department issued a circular in September, 2016 which was circulated to officers in charge at all controls collecting revenue through the N-ZIMS to ensure that all key fields such as receipt numbers, addresses among others were captured in the system.

The system was currently using the manually generated receipts due to the fact that the respective component of the system was not yet approved by the Ministry of Finance. Further, the Department was not fully computerised and most of the controls were still processing their applications manually. The same applied to the missions abroad that received payments for visa applications.

The Department would ensure that all controls were fully computerised and all Missions came on board through the use of the online visa

platform once approval had been granted by the MOF in order to resolve this problem.

### **Committee's Observations and Recommendations**

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

#### **iii) Failure to Insure ICT Equipment - K1,818,985**

The Controlling Officer submitted that the Department had already engaged some insurance companies to ascertain the premiums of insuring all the ICT assets. The challenge, however, was the lack of resources to fully cover the insurance costs. The Controlling Officer assured your Committee that as soon as resources were secured, the equipment would be insured.

### **Committee's Observations and Recommendations**

Your Committee is at a loss to understand why most Government Ministries and Spending Agencies are not attaching premium to insuring most Government properties. Your Committee urges the Controlling Officer to engage insurance companies for a more flexible payment plan, considering that the resource envelope is constrained, while ensuring that all ICT assets are insured without fail. Your Committee resolves to await a progress report on the matter.

**iv) Lack of Interface between N-ZIMS and Other Systems**

The Controlling Officer submitted that the Government had embarked on e-government reforms in all line ministries through the Centre of Excellence. He reported that the Immigration Department participated in the Government's single window meetings which were poised to achieve systems integration and information sharing. This integration was a very positive strategy with potentially good results.

It was stated that the Department of Immigration ran a security system that included sensitive data, hence the process of sharing and integration with other systems from non-security agencies would have to be taken with caution so as not to jeopardise national security. The Department had engaged the developers of PISCES and N-ZIMS to integrate the two systems and ensure that border controls have N-ZIMS as the front end system to capture data and share the data with other security agencies.

**Committee's Observations and Recommendations**

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

**v) Failure to implement Electronic Payment Methods on N-ZIMS System**



The Controlling Officer submitted that the current status was that the Department had engaged the Ministry of Finance who were the custodians of non-tax revenue and all financial matters to give guidelines as well as direction in line with the Financial Regulations and new government innovations.

The Controlling Officer also stated that the introduction of the electronic payment method on N-ZIMS would attract an additional cost from the system developer as it was not part of the current running contract. Furthermore, the point of sale payment system were currently running at the four international airports which was implemented by the MOF in conjunction with the Immigration Department to reduce on handling of cash by cashiers.

The Department would engage the Ministry of Finance to help identify banks to facilitate migration to the e-payment platform as the Department took its services online.

### **Committee's Observations and Recommendations**

Your Committee finds the reluctance and reasons advanced by the Controlling Officer on the implementation of the electronic payment methods on N-ZIMS System very retrogressive. Whereas the system has a cost implication, the anticipated benefits clearly outweigh the cost in the long run. Your Committee, therefore, urges the Controlling

Officer to ensure that this system is implemented without any further delay. Your Committee resolves to await a progress report on the matter.

**vi) Failure to Implement System Automated Reminders / Alerts on N-ZIMS**

The Controlling Officer submitted that the N-ZIMS had not started issuing visas using the system because the current visa stickers were not printable and were not customised with the border application for that purpose.

When the e-printing solution project was implemented, all visas permits and revenue receipts would be customised and printed by the system. New visa stickers would have to be designed and procured to meet the requirements of the system. The N-ZIMS had a feature that sent email feedback to clients once a decision was made and this feature had been running since the inception in 2014.

Initially, it was proposed that the system be able to produce documents with barcodes which could be read with a barcode scanner, but this component was not developed as the passport scanners were found to be adequate and cost effective in data capture for a border control system. In its current state, the system was able to verify all documents issued through N-ZIMS at all border controls by scanning the passport of a traveller.

With regard to the findings by the Auditors that the system's ability to capture fingerprints and instantly match them against the Risk Register was not being used as of July, 2016. The position was that the feature was de-activated in 2015 after recommendations from Ministry of Health (MOH) during the Ebola Virus epidemic. This was done to prevent the transmission of the virus among the travelling public. The Ministry had since engaged the MOH for further guidance.

Furthermore, the auditors observed that the system's ability to track visitors who overstayed their visas or permits was not implemented. It was also stated that immigration officers were manually calculating the days that visitors stayed in the country to ascertain if a visitor to Zambia had overstayed the approved days. To the contrary, this feature was implemented and was working well, but the problem was the use of two different systems at the international airports. One system was in use at the arrival and the other at the departure terminals. So cases of entry on N-ZIMS were left hanging as the travelers depart using PISCES, hence the N-ZIMS just continued to count days of stay as over stay and yet the traveler had already left the country. Further, the feature would only be effective if and when the whole country's entry border control were computerised with N-ZIMS. Currently, if the traveler used other borders with no system, officers would have to rely on the data in the passport as being accurate compared to the one in the system.

It was also explained that the N-ZIMS roll out had been on going and so far fourteen border controls had been computerised out of forty four. The total cost of rolling out the N-ZIMS to the remaining thirty border

controls was K7,200,000.00. Plans were underway to complete the roll out within the next two years, depending on the funding from Treasury. The feature to track compliance and enforcement of various immigration laws was not in use due to the continued use of two systems at immigration controls (manual and computerised). This would only be achieved when all the border controls are fully computerised.

### **Committee's Observations and Recommendations**

Your Committee expresses concern on the delay to implement the system of having automated reminders on N-ZIMS which would ease the monitoring and enforcement of immigration laws. In view of the foregoing, your Committee urges the Controlling Officer to undertake the following:

- ensure that the remaining thirty border control points are computerised within the two year time frame; and
- priority in the 2017 budget should be given to this programme in order to enhance the efficiency and effectiveness of the Immigrations Department.

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

### **vii) Lack of control over Personal Identification Security Comparison and Evaluation System (PISCES)**

The Controlling Officer submitted that the Department had already engaged the developers of PISCES through their partners, the Office of the President (Special Division), to ensure that these concerns were addressed. In addition, it was stated that the Department worked in collaboration with its partners in managing the said system even though they had full control over the system.

### **Committee’s Observations and Recommendations**

Your Committee expresses concern on the lack of control over the PISCES software by the Ministry, as well as its lack of interface with the end users at the various airports. It is further worrying that the control of the software is still held by the vendors in the United States of America, making it a serious anomaly. Your Committee urges the Controlling Officer to ensure that this unsatisfactory situation is addressed in the shortest possible time so as to ensure that the Ministry is in control of the software. Your Committee resolves to await a progress report on the matter.

## **THE JUDICIARY**

### **AUDIT QUERY**

### **PARAGRAPH 10**

PROGRAMME	:	2021 Non Tax Revenue (Fees and Fines)
ACTIVITIES	:	102 Fees 123043 Court Fees
ACTIVITY	:	104 Fines 121010 Fines of Court

### **Accounting and Other Irregularities**

10. An examination of accounting and other related records maintained at the headquarters and selected provincial offices carried out in April, 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

### **Estimates of Revenue and Expenditure – Over Collection of K8,987,825.00**

The Controlling Officer submitted that the over collection of K8,987, 825.00 was due to the fact that the Judiciary`s revenue collection was case driven and could not be predetermined.

### **Committee`s Observations and Recommendations**

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

#### **a) Variances between Revenue Returns Figures and Receipted Revenue – K485,986**

The Controlling Officer submitted that the variances in question were caused by arithmetic errors on the revenue returns which were prepared by the revenue collectors. He added that all the monies collected had since been banked. She further stated that arising from the query, the Judiciary had put in place training programmes to help the revenue collectors sharpen their arithmetic and numerical skills by conducting in house computer and basic

accounting training, so that they move away from using basic calculators when compiling revenue returns.

### **Committee's Observations and Recommendations**

Your Committee expresses concern on the poor supervision in the institution and finds it completely unbelievable that none of the supervising staff was able to notice this anomaly. Your Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to reconcile the figures and keep correct record of the revenue collections. Further, your Committee recommends that the training programmes be held from time to time to ensure that all officers are fully capacitated to carry out their duties effectively. Your Committee resolves to await a progress report on the matter.

#### **b) Unaccounted for Revenue – K7,338**

##### **i) Ndola Main Local Court- Fines of court K2,425.00**

The Controlling Officer submitted that the officer involved in the misappropriation of the said amount was currently on suspension and the matter was before the Judiciary Disciplinary Committee.

##### **ii) Ndola Main Local Court- Court Fees K4,913.00**

The Controlling Officer submitted that the officer involved in the misappropriation of the said amount was currently on suspension and the matter was before the Judiciary Disciplinary Committee.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that there are no mechanisms in the Institution, especially in local courts, to facilitate proper cash management. It is worrying that there are no deliberate programmes to minimise staff contact with cash, more so that this station is in an urban area in close proximity to banking facilities. The Controlling Officer is urged to conduct a country-wide assessment on how many local courts are facing similar challenges in order to put in place measures that will avert this vice. Your Committee resolves to await a progress report on the outcome of the cases before the Judiciary Disciplinary Committee.

#### **c) Delayed Banking of Revenue – K568,937**

The Controlling Officer submitted that to curb the delays in banking, management had since entered into a cash management agreement with Stanbic Bank. One registry (Revenue Collection Station) had since migrated to Stanbic Bank as a test run and the results had shown that there was no delayed banking as clients deposited funds directly into the bank using the facilities provided by the bank (i.e point of sale, automatic teller machine). This also lessened the contact by the revenue collector with the cash. It was



also observed that the problem was partly caused went by the banks' computer systems failure when the revenue collectors go to bank.

### **Committee's Observations and Recommendations**

Your Committee is concerned that the issue of delayed banking keeps recurring in the Institution. This is evidence to the fact that there are no systems in place to mitigate the problem. While it is noted that the Controlling Officer has taken steps to arrest the situation, your Committee is alarmed that no disciplinary action has been instituted against the erring officers. Your Committee urges the Controlling Officer to discipline the erring officers in order to avoid the recurrence of this irregularity. Your Committee resolves to await a progress report on the matter.

#### **d) Missing Receipt Page – Choma Subordinate Court**

The Controlling Officer submitted that the matter was reported to the police for investigations.

### **Committee's Observations and Recommendations**

Your Committee resolves to await a progress report on the investigations by the police and subsequent necessary action by the Controlling Officer.

#### **e) Lack of Safe – Monze Urban Local Court**

The Controlling Officer submitted that at the time of audit, the Monze Urban Local Court had no safe. However, the Ministry of Finance had since

allocated a safe to the said station. The safe had since been installed by the officers from the Strong Room Superintendent from Ministry of Finance. He further informed your Committee that a number of local courts out of the 500 had no safes.

### **Committee's Observations and Recommendations**

In closing the matter, subject to audit verification, your Committee implores the Controlling Officer to conduct an assessment on the total number of local courts that require safes and submit a comprehensive request to the office of the Accountant General to facilitate the installation of the safes.

## **MINISTRY OF ENERGY AND WATER DEVELOPMENT**

### **AUDIT QUERY**

### **PARAGRAPH 11**

PROGRAMME : Fees and Fines  
ACTIVITIES : Water Board Fees  
ERB License Fees Mining License

### **Accounting and Other Irregularities**

11. An examination of accounting and other records maintained at the Ministry headquarters and selected stations carried out in August, 2016 revealed various weaknesses to which the Controlling Officer responded as set out below.

**a) Failure to Collect Outstanding ERB Fees- K54,078,218**

The Controlling Officer submitted that the most highly indebted organisation was ZESCO which is also a quasi – government organisation. Discussions between the ZESCO and ERB Boards had not yielded any tangible results despite ZESCO had not honoured the payment plans drawn up to date. Your Committee further heard that the Controlling Officer had since written to the Chief Executives suggesting that a position paper regarding the matter be prepared and presented to the Ministry of Finance so that a debt swap could be considered. It was also stated that the involvement of Ministry of Finance would resolve this matter immediately.

**Committee’s Observations and Recommendations**

Your Committee is disappointed that the fees owed to ERB by various companies keep increasing. It is worrying that the amount has increased from K18,393,611 in 2014 to K54,078,218 in 2016. This is testament to the fact that the Controlling Officer has failed to ensure all the outstanding arrears are collected despite your previous Committee’s strong recommendation on the same matter. Your Committee is also shocked to learn that ZESCO owes the largest debt despite the Controlling Officer being

a Board member of the company. This further goes to show the lack of seriousness on the part of the Controlling Officer to pursue the matter. Your Committee strongly recommends that the newly developed payment plan by ZESCO must be followed without any delay. Additionally, the Controlling Officer should develop other payment plans with the other institutions to ensure all the fees are collected. Your Committee resolves to await a progress report on the matter.

**b) Failure to Collect Outstanding water Board Fees - K3,553,332.00**

The Controlling Officer submitted that as at the time of audit in August, 2016 the outstanding fees were at K3,553, 332.00.

The following were the major Water Permit debt holders:

- 1) ZESCO Limited;
- 2) Lusaka Water and Sewerage Company;
- 3) Lukanga water and Sewerage Company;
- 4) Kafue Water and Sewerage Company;
- 5) Nkana Water and Sewerage Company;
- 6) Mulonga Water and Sewerage Company;
- 7) Southern Water and Sewerage Company; and
- 8) Easter Water and Sewerage Company.

It was stated that the cause of increase of debt from K1,9191,561.00 to K3,553,332.00 was as follows:

- i) non-payment of water charges by utility companies had been attributed to non-payment of water bills by Government departments. This had made most of utility companies accrue liabilities owed to the Authority.
- ii) ZESCO Limited has had challenges in terms of cash inflows.

The table below shows revenue collections

**The following are the major Water Permit debt holders:**

No	Water User	Total Amount	Paid	Balance
1	ZESCO Ltd	2,199,034.00		2,199,034.00
2	Nkana Water and Sewerage Company	386,698.00	72,009.00	314,689.00
3	Kafubu Water and Sewerage Company	301,801.00	41,772.40	260,029.00
4	Mulonga Water and Sewerage Company	41,944.00	-	41,944.00
5	Lusaka Water and Sewerage Company	36,201.00	-	36,201.00
6	Southern Water and Sewerage Company	33,012.00	-	33,012.00
7	Eastern Water and Sewerage Company	36,069.00	-	36,069.00
8	Lukanga Water and Sewerage Company	141,080.75	-	141,080.75
9	Others (Water Users )	377,492.25	13,000.00	364,492.25
	<b>GRAND TOTAL</b>	<b>3,553,332.00</b>	<b>126,781.40</b>	<b>3,426,550.60</b>

On the corrective action, the Controlling Officer informed your Committee that management had formulated a robust revenue collection strategy to

ensure that all outstanding amounts were fully recovered. In this regard, management held meetings with ZESCO and the utility companies, of which settlement deeds had since been agreed upon to show collection of revenue. The Controlling Officer assured your Committee that management would spare no effort in enforcing revenue collection in line with the provisions of the *Water Resources Management Act, No. 21 of 2011*.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the Controlling Officer keeps giving assurances that are not being acted upon. It is disheartening that the amounts relating to non-collection of water board fees have sky rocketed from K1,919,561.00 in 2014 to K3,553,332.00 in 2016. This illustrates laxity on the part of the Controlling Officer in attending to recommendations made by your Committee. Your Committee, therefore, strongly recommends that the newly developed payment plan be adhered to without fail. Your Committee resolves to await a progress report on the matter.

## **MINISTRY OF TOURISM AND ARTS**

### **AUDIT QUERY**

### **PARAGRAPH 12**

PROGRAMMES : 2021 Licenses and Fees

ACTIVITIES : Various

### **Accounting and Other Irregularities**

12. An examination of the accounting and other records maintained at the Ministry headquarters and selected provincial offices carried out in August, 2016 revealed various weaknesses to which the Controlling Officer responded as set out below.

**a) Unaccounted for Revenue - K6,435**

The Controlling Officer submitted that a reconciliation of the revenue collected and revenue deposited was done by the office and it was established that the unaccounted revenue was actually K1,622.22, which had since been deposited.

**Committee's Observations and Recommendations**

Your Committee notes with concern the poor record keeping at the Ministry arising from weak supervision of accounting staff and is displeased that documents relating to the unaccounted for revenue were only traced way after the auditing process. The Controlling Officer is urged to ensure that officers are closely supervised to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**b) Delayed Banking - K816,709.30**

The Controlling Officer submitted that there were delays in banking revenue amounts totaling K816,709.30 for periods ranging from seven to eighteen

days at the Ministry headquarters during the year under review. However, the Ministry had strengthened the monitoring of revenue collection to ensure that non-tax revenue collected was banked promptly as stipulated in the Financial Regulations. Furthermore, the officers involved were warned to refrain from such vices and ensure that the revenues collected were deposited promptly.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that the issue of delayed banking keeps recurring at the Ministry despite clear provisions under Financial Regulation No. 121 (I). Your Committee urges the Controlling Officer to institute disciplinary action against the officers responsible for this irregularity so as to deter others from engaging in the same practice which appears to have become a permanent practice under the Ministry. Your Committee will await a progress report on the matter.

#### **c) Lack of a Safe**

The Controlling Officer submitted that following a letter from his office to the Accountant General's office a safe had since been procured and allocated to the Ndola Regional Office by the Ministry of Finance. The letter to this effect from Ministry of Finance was available for audit verification.

### **Committee's Observations and Recommendations**



Your Committee urges the Controlling Officer to compile a list of stations under his Ministry which do not have safes so that a comprehensive exercise can be undertaken to allocate safes to all stations to avoid the recurrence of similar queries in future. Your Committee directs the Controlling Officer to submit all relevant documentation to the Auditor General for verification, subject to which the matter should close.

**d) Failure to Collect Hotel and Tourism Enterprise Annual License Fees for 2015 - K687,560**

The Controlling Officer stated that failure to collect the outstanding amounts had been due to inadequate funding for inspections to the Regional Offices under the Department of Tourism.

It was stated that the other challenge had been inadequate staffing levels in the Regional Offices for Standard Inspectors who were mandated to enforce compliance from these establishments. Therefore, the Standard Inspectors were unable to monitor the minimum standards from these establishments so as to enforce the regulations. However, the outstanding annual licence fees in amounts totaling to K637,560=00 at the time of the audit had since reduced to K441,013=00 after a reconciliation was done by the Ministry in relation to the payments that were made against these establishments amounting to K246,547=00 for the year under review. The general receipts on which these payments were made were available for audit verification. Furthermore, it was brought to the attention of Your Committee that some of the establishments were closed and efforts were being made to collect the outstanding amounts from these establishments.

## **Committee's Observations and Recommendations**

Your Committee is concerned over the laxity exhibited by the Ministry in collecting revenue. Your Committee finds the reasons advanced by the Controlling Officer on the inability to collect the fees unacceptable. Your Committee urges the Controlling Officer to ensure that the balance of K246,547 is collected without any further delay and will await a progress report on the full recovery of the outstanding funds.

**MINISTRY OF LANDS, NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION**

**AUDIT QUERY**

**PARAGRAPH 13**

PROGRAMMES : Fees and Fines

ACTIVITIES : Various

**Accounting and Other Irregularities**

13. An examination of the accounting and other records maintained at the Ministry Headquarters and the Provincial offices carried out in April, 2016 revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

**a) Weaknesses in the Management of the ZILMIS Database**

**i) Missing Land Size/Area**

The Controlling explained that out of the 518,746 properties observed, 385,563 had estimated land sizes in the system whereas 133,183 had blank or zero land sizes. The 133,183 were properties that had been newly created and had not been surveyed or allocated to property owners. They were from councils across the country under the Land Development Fund (LDF) Programme. The councils had not yet made recommendations for allocations to the Ministry.

Your Committee was informed that the measures taken by the Ministry included the following:

- making follow-ups with all councils so that all those properties that had been created could be recommended to the Ministry for allocation. In this regard, a team of officers had been constituted to undertake follow-ups with the councils.
- The Surveyor General's Office had also constituted a team to survey these properties to come up with accurate land sizes.

The Controlling Officer further submitted that the 299 properties with land size less than 1 square meter as observed by the auditors were part of the 385,563 properties with estimated land size in the system which was used for calculating ground rent bills of the properties. Of the 385,563, a total of 68,611 surveyed properties had been updated with actual land size. The remaining 316,952 had not yet been surveyed and the Ministry would continue to use the estimated land size for calculating ground rent bills.

He further informed your Committee that the 2,948 properties were layout plans which did not require land size and were not billed, while 1,585 properties were wayleaves for high voltage power transmission lines and did not require land size and were not billed.

## **Committee's Observations and Recommendations**

Your Committee questions why the Controlling Officer finds it convenient to submit evidence outside the audit process and cautions him to desist from this practice. Your Committee further urges him to ensure that the process of determining the land sizes and updating the system is expeditiously concluded. Your Committee awaits a progress report on the matter.

### **ii) Missing Property Type**

The Controlling Officer submitted that the Ministry had since updated the 3,082 properties to include parameters of property type such as farm, smallholding, lot and stan, among others. The 3,082 properties were mostly resettlement schemes and newly created properties in districts such as Mwange resettlement, Choma, Kasama, Luampa, Nyimba, Nkeyema, Mungwi, Rufunsa, Shiwangandu, and Ngabwe districts which were waiting recommendations from respective Councils for allocation to property owners. Therefore, the Ministry did not raise much revenue on these properties.

## **Committee's Observations and Recommendations**

Your Committee is greatly concerned that the Controlling Officer failed to provide these responses and explanations to the auditors during the audit process and sternly cautions the Controlling Officer against such conduct. Your Committee further urges him to ensure that the process of determining

the various property types is expedited and will await a progress report on the matter.

**iii) Properties without locations**

The Controlling Officer informed your Committee that the Ministry had since updated all the 12,184 properties that had no location indicated. The properties were billed on the basis of property use and property size accordingly.

**Committee's Observations and Recommendations**

Your Committee requests the Office of the Auditor General to verify the response after which the matter should be closed.

**iv) Offers without owner names**

The Controlling Officer submitted that the reason for this omission was that the audit on these particular properties was done during the transitional process of generating offer letters and at a time when the new system had just been implemented. The ZILMIS system was implemented as a project from July 2014 to September 2015 and during the period of migrating from Land Integrated Management Information System (LIMIS) to ZILMIS, the Ministry faced system challenges. As a result, the 38 offers had no owner names.

However, the Ministry had issued twenty two offer letters to the appropriate owners with names indicated, while seven properties were still on invitation to treat, and offer letters had not yet been processed. The total number of properties was actually twenty nine while nine properties were due to a replication of the same properties.

### **Committee's Observations and Recommendations**

Your Committee directs that the Controlling Officer submits all relevant documentation for verification, after which, the matter should close.

#### **b) Failure to Upload Receipts (Mongu Survey Office)**

The Controlling Officer explained that receipt numbers 5576166 to 5576167 and 5576182 to 5576183 related to payments made by Limulunga and Mwandia District Councils respectively, while receipt number 5576184 was paid for by the Office of the President in Mulobezi. The properties had been surveyed but the payment could not be posted to ZILMIS since the properties were not appearing in the new ZILMIS system and they were numbered manually just before the system became operational.

The Ministry had since captured all the 1,679,3459 and 2070 properties in Limulunga, Mwandia and Mulobezi respectively that were numbered manually onto the ZILMIS system. These included 300 properties paid for by Limulunga Council, 300 properties paid by Mwandia Council and one property paid for by the Office of the President in Mulobezi. The Mongu Survey Office had since posted all the payments to the system.

### **Committee's Observations and Recommendations**

Your Committee notes the submission but cautions the Controlling Officer against the recurrence of this anomaly. Your Committee requests the Office of the Auditor General to verify the response, after which the matter should be closed.

**c) Failure to Reconcile Actual Revenue Collections against Deposits - K3, 556,622.22**

The Controlling Officer informed your Committee that the reconciliation had been done for the amounts which were not uploaded on the system and a restated return had been prepared and submitted to the Ministry of Finance for necessary adjustments to be effected.

### **Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer against the recurrence of this anomaly as it can be a conduit for fraudulent activities and urges that disciplinary action be taken against the officers responsible for this lapse. Your Committee awaits a progress report on the matter.

**d) Under Reported Forestry Offices Revenue - K74,912**

The Controlling Officer submitted that the under reported figures had been reconciled and the revenue returns amended. He explained that the variance was due to a transposition error and some figures were omitted during the



preparation of revenue returns. However, this did not result in any loss of revenue to Government since the actual revenue collected and banked was more than that reported on the revenue return.

### **Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to ensure that complete revenue returns are submitted to headquarters and the Ministry of Finance on a timely basis in order to avoid the recurrence of this audit query. Your Committee requests the Office of the Auditor General to verify the relevant documents, after which the matter should close.

#### **e) Failure to collect Ground Rent - K331,137,696**

The Controlling Officer restated his earlier submission that the failure to collect revenue had been largely due to inadequate funds to distribute bills throughout the country and failure by some property owners to pay ground rent despite being issued demand notices and sensitisation programmes being undertaken.

However, the Ministry was in the process of implementing the following measures to enhance revenue collection:

- introduction of Short Messaging System (SMS) to inform the property owners on the ground the rent due. This had already been piloted and would be rolled out by the end of 2016;

- interface with banks to increase access to pay points. The Ministry was in discussion with the banks;
- it was proposed that the law should be revised to include litigation to recover outstanding bills;
- headquarters extracting a bulk file for each province, and sending it to the Provincial Lands Officer to distribute the bills; and
- in future, the Provincial Lands Officers would be extracting and printing bills within the provinces for distribution as opposed to printing at headquarters.

The Controlling Officer undertook to inform your Committee on the progress concerning the recovery of the outstanding amount.

### **Committee's Observations and Recommendations**

Your Committee observes with concern that this serious anomaly can result in the under collection of Government revenue and consequently the failure to implement Government programmes. It is in this regard that your Committee reiterates its earlier position that all outstanding arrears be collected without any further delay. Your Committee further directs the Controlling Officer to ensure that the proposed measures are expeditiously implemented and strictly adhered to in order to enhance the collection of ground rent.

#### **f) Unaccounted for Revenue - K7,940.00**

The Controlling Officer informed your Committee that after a critical analysis of the schedules, the Ministry discovered that in some instances, there was

over banking while in others, under banking. The Report of the Auditor General revealed that the total amount collected for the period January to December, 2015 was K620,646.62 while the total amount banked was K612,706.74, giving an under banking of K7,938.58.

He informed your Committee that the Ministry would send officers to establish the discrepancy and appropriate disciplinary action would be taken against the officer who failed to account for the funds and providing misleading information. The Ministry would submit its findings to the Office of the Auditor General for verification.

### **Committee's Observations and Recommendations**

Your Committee cautions the Controlling Officer against failing to respond to queries during the audit process and expresses concern that the revenue may have been misappropriated. Your Committee resolves to await a progress report on both the recovery or reconciliation of the discrepancies, and the disciplinary action to be taken by the Controlling Officer against the officers responsible for it.

#### **g) Delayed Banking -572,450**

The Controlling Officer informed your Committee that that Ministry had noted the delays in banking and had written to all provincial offices informing them that all revenue should be deposited by the clients at the nearest bank to avoid delays in banking. A notice had since been placed in every collection point in all the provinces informing the public to deposit revenue directly into

respective banks, while the Ministry officials would only be responsible for issuing receipts.

In addition, the Ministry was liaising with the Provincial Administration officers to ensure that appropriate disciplinary action was taken against the officers. The Controlling Officer further submitted that the Ministry had also changed the work stations of the officers associated with the delayed banking and enhanced supervision through Heads of Department. The Ministry was also ensuring timely responses to internal audit reports.

### **Committee's Observations and Recommendations**

Your Committee observes that Government revenue may be misused as a result of this serious omission and strongly urges the Controlling Officer to ensure that the officers concerned are disciplined for their failure to ensure that revenue was banked within the time frame stipulated by the Financial Regulations. Your Committee will await a progress report on the matter.

#### **h) Revenue Generated from Survey Department**

According to the Ministry Service Charter, the Ministry undertakes to issue a quotation for survey services within two (2) days of the client lodging in the necessary documents and within thirty (30) days to complete all the survey process and documentations, such as survey diagrams, among others. The following were however observed:

### **i) Failure to Survey Properties – Headquarters**

The Controlling Officer explained that the surveying of properties was done upon request by the property owner and after payment of survey fees. The 30 days within which to complete all the survey process and documentation such as survey diagrams was only applicable from the date a client paid for the survey after responding to the issued quotation. At the time of the Audit, the Ministry had surveyed a total of 216,827 properties in the property database. The bulk of the 312,419 properties from the Ministry property database that had not been surveyed were those where the clients had not paid for survey and some of them had not even been offered yet and therefore, had no owner to pay for them.

Out of this 312,419 properties which were indicated as not surveyed, 138,183 properties were for newly created plots and these had not been allocated to property owners. Further, the Ministry had been granted authority to retain 100% survey fees effective November, 2015 to facilitate the surveying of properties. From January, 2016, the Ministry had surveyed a further 37,261 properties leaving a balance of 136,615 properties with property owners.

The Controlling Officer further submitted that there were also cancelled properties which appeared in the system and therefore, could not be surveyed because the properties no longer existed. However, these properties were not deleted from the system because the Ministry was interested in keeping their history. In this regard, the Ministry only placed remarks on the properties indicating cancellation.

Your Committee was informed that the Ministry would be in a position to estimate the number of cancelled properties when the system functionality was developed in the maintenance contract with the developer. The Ministry would also endeavour to survey all the properties as clients paid and as Appropriation in Aid (AIA) was released by the Ministry of Finance.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the Government has continued to lose revenue due to the non collection of ground rent. Your Committee, in this regard, strongly urges the Controlling Officer to apply himself fully and rectify the situation in the shortest possible time. Your Committee awaits a progress report on the matter.

#### **ii) Failure to Survey Properties after payment of Survey Fees – Lusaka Regional Survey Office - K409, 530.00**

The Controlling Officer submitted that the failure to survey the seventy two properties came as a result of the non-release of the Appropriation In Aid by the Ministry of Finance since all revenue collected was being deposited into the Revenue Transit Account up to the end of 2015.

The Ministry had since been granted authority by the Ministry of Finance to retain 100% survey fees. The Controlling Officer informed your Committee that the Ministry was now in a position to undertake the survey as the clients paid and at the same time, clear the pending survey jobs.

With regard to the pending seventy two properties under Lusaka and Ndola Regional Survey Offices, the Controlling Officer submitted that all of them had since been cleared. Copies of survey diagrams were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the length of time it has taken for the properties to be surveyed, resulting in the loss of revenue due to the non-payment of ground rent. Your Committee strongly urges the Controlling Officer to ensure that, going forward, properties for which payments are made are surveyed on time to avoid the recurrence of this anomaly and to provide the Government with the much needed revenue for development. Your Committee requests the Office of the Auditor General to verify the submissions and awaits a progress report on the completion of outstanding survey jobs.

#### **i) Dishonoured Cheques- ZEMA Headquarters - K896,993**

The Controlling Officer submitted that the Ministry had since collected the entire amount of K896,993.00 outstanding at the time of audit.

### **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Office of the Auditor General to verify the Controlling Officer's response after which the matter should be closed.

**j) Uncollected outstanding balances - K129,780**

The Controlling Officer informed your Committee that the Ministry had collected K35,670 out of K129,780 leaving a balance of K94,110. The amount collected was broken down as follows: under Livingstone Office K24,550 had been collected leaving a balance of K90,940 as uncollected, while K11,120 had been collected from Chirundu Office leaving a balance of K3,170 as uncollected.

The outstanding amount had been referred to the Legal Department to be dealt with in accordance with the provisions of the Environmental Management Act, No. 12 of 2011.

**Committee's Observations and Recommendations**

Your Committee requests a progress report on the matter.

**k) Outstanding Arrears as at 31 December 2015 – ZEMA Ndola Office - K2,316,526**

With regard to the 2014 arrears, the Controlling Officer explained that out of a total outstanding amount of K2,316,525, an amount K95,838 had been paid, leaving a balance of K2,220,687 as outstanding. He informed your Committee that Kafubu Water and Sewerage Company Limited had an outstanding amount of K172,640 out of which K43,160 had been paid, leaving a balance of K129,480 which would be paid in three monthly instalments from November, 2016.



The Controlling Officer further informed your Committee that the K2, 220,687 outstanding amount comprised K1, 733,320 owed by the Road Development Agency (RDA) and K487, 367 owed by other clients. RDA had since committed to settle the debt in 2016 while the Legal Department had written to the other clients for non-compliance as per provisions of the Environmental Management Act (2011). In this regard, your Committee would be updated on the progress.

With regard to the 2015 arrears, the Controlling Officer submitted that out of the total of K4,398,149.50, an amount of K59,829.00 had been paid, leaving a balance of K4,338,320.00 as an outstanding balance.

From the K4,338,320.00 outstanding, K3,917,303 was owed by the Road Development Agency (RDA) while the balance of K421,017.00 was owed by other clients. RDA had since committed to settle the outstanding debt in 2016, while the Legal Department had written to other clients for non-compliance as per provisions of the Environmental Management Act. Your Committee was informed that it would be updated on the progress made on this matter.

### **Committee's Observations and Recommendations**

Your Committee finds it unfortunate that the Controlling Officer only acted on the matter after it was raised by the Auditor General. Your Committee observes that irregularities such as these result in the Government failing to implement programmes because they deny Government the necessary revenue, a situation which is unacceptable. Your Committee strongly urges

the Controlling Officer to ensure that the outstanding amounts are collected and submit a progress report on the matter.

**l) Lack of Safe – Chipata Provincial Office**

Contrary to Financial Regulation No. 155, there was no safe maintained at the station rendering public funds, articles and accountable documents that should be stored in a safe, unsecured.

The Controlling Officer submitted that the Ministry of Finance had allocated safe No. E158 and it had since been delivered to Chipata Provincial Forestry Office. The handing over certificate was available for audit verification.

**Committee’s Observations and Recommendations**

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

## MINISTRY OF AGRICULTURE

### AUDIT QUERY

### PARAGRAPH 14

PROGRAMMES : Fees and Fines

ACTIVITIES : Various

### Accounting and Other Irregularities

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

#### a) **Permits Not Supported with Deposit Slips – K87,815**

Controlling Officer submitted that the permits issued that were misfiled had been found through thorough search. All the 2,509 supporting deposit slips were available for audit verification. All staff handling all the accounting documents had been sensitised to ensure proper record keeping.

### Committee's Observations and Recommendations

Your Committee expresses concern at the poor record keeping at the Ministry. Your Committee also finds it unacceptable that payments are made without well documented evidence. Your Committee urges the Controlling Officer to ensure that record keeping is strengthened at the Ministry in order to avoid the recurrence of the query. Your Committee further urges the Controlling Officer to institute disciplinary action against

the officers involved as a corrective measure and submit all relevant documentation for verification. Your Committee resolves to await a progress report on the matter.

**b) Delayed Banking of Revenue – K9,183**

**Sesheke District Agricultural Office**

The Controlling Officer submitted that the concerned staff had been sensitized on the new revenue collection procedure where clients deposit directly into the revenue transit accounts.

**Nakonde District Agricultural Office**

The Controlling Officer submitted that the staff concerned had been sensitised on the new revenue collection procedure where clients deposited directly into the revenue transit account.

**Committee's Observations and Recommendations**

Your Committee finds the response by the Controlling Officer inadequate and unacceptable as banking facilities are available in the areas queried. The conduct by officers appears to be tantamount to teeming and lading and is as a result of weak supervision. Your Committee strongly urges the Controlling Officer to institute disciplinary action against officers involved in this irregularity as a corrective measure. Your Committee resolves to await a progress report on the matter.

**c) Missing Accountable Documents – K204,750**

**Agribusiness and Marketing Department – Headquarters**

The Controlling Officer stated that this was due to misfiling. However, all the Export and import permits had been traced after a thorough search and were available for audit verification.

**Ndola Provincial Agricultural Office**

The Controlling Officer submitted that at the time of audit the one book in question was transferred to Mibenge Farmer Training Centre and Mwekera NARDC where they were used. A copy of the register of accountable documents where the recipients signed for these documents was available audit for verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern on the poor record keeping at the Ministry and failure to provide this explanation to the auditors. It is clear that there is poor supervision at the Ministry, hence officers are not kept in check as regard record keeping. Your Committee urges the Controlling Officer to address the issue of poor record keeping at the Ministry with the urgency it deserves. Additionally, your Committee urges the Controlling Officer to institute disciplinary action against the officers involved in this irregularity as a corrective measure your Committee resolves to close the matter subject to audit verification.

**d) Lack of Safe**

The Controlling Officer submitted that the Ministry had submitted a request to the Ministry of Finance and was awaiting a response from Finance.

**Committee's Observations and Recommendations**

Your Committee notes with regret the laxity with which the Ministry is handling simple administrative matters as opposed to being proactive. It is unacceptable that the Ministry only acted after the audit process. Your Committee urges the Controlling Officer to submit a more comprehensive report to the Ministry of Finance on all the offices under the Ministry that require safes and follow up the matter vigorously in order to avoid the recurrence of the query. Your Committee resolves to await a progress report on the matter.

**MINISTRY OF GENDER AND CHILD DEVELOPMENT**

**AUDIT QUERY**

**PARAGRAPH 15**

UNITS : Various

PROGRAMMES : Various

ACTIVITIES : Various

**Accounting and other irregularities**

15. An Examination of accounting and other records maintained at the Ministry of Gender headquarters carried out during the period from June to September, 2016

revealed various weaknesses to which the Controlling Officer responded as set out below.

**a) Unretired Accountable Imprest - K9,280**

The Controlling Officer submitted that imprest amounting to K 9,280 was retired but the documents were not availed to the auditors at the time of the audit as they were misfiled. Copies of the documents were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern with the poor record-keeping at the Ministry. This points to the fact that there is poor supervision of accounting staff. Your Committee urges the Controlling Officer to enhance the supervision of accounting staff to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**b) Misapplication of Funds - K311,800.28**

The Controlling Officer submitted that the funds for contribution to Great Lakes Region Africa were not utilised and formed part of the K3,418,623 which was returned to Ministry of Finance at the year end of 2015. This matter was resolved by the auditors during the 2015 audit.

With regard to the funds from Women Economic Empowerment and Anti-Gender Based Violence, the Controlling Officer submitted that the total

amount of K311,800.28 cited as misapplication of funds was spent on two activities, these being a familiarisation tour by the new Minister and Commemoration of the Day of the African Child. From the total of K311,800.28, an amount of K233,659.28 was spent on the familiarisation tour by the Honorable Minister. It was also stated that under the 2015 budget for Economic Support to Women, a total of K9,589,966 was budgeted of which K7,753,102 was for capital expenditure and K1,836,864 for recurrent departmental charges (RDCs). The RDCs were used for operational costs of the activities which may include travel expenses and monitoring of the clubs. The ministerial tours were imperative to enable the ministers to get acquainted with the operations of the Ministry. Under the Anti-Gender Based Violence Programme the payments were made from the Coordination of Gender Based Violence activity which was an appropriate activity. Therefore, the funds were spent as appropriated. The Report on the Ministers' tours were attached for audit verification.

The balance of K78,141 from the total of K311,800.28 cited as misapplication was spent on the commemoration of the day of the African Child which fell on 16<sup>th</sup> June, 2015. Your Committee further heard that Zambia was a state party of the African Charter on the Rights and Welfare of the Child (ACRWC) which committed Zambia to promote the rights of children through the observance of the Day of the African Child.

The children who participated in the commemoration of the day were from institutions caring for children such as Chikumbi Children Centre, SOS Children's Village and Roma Catholic Parish Children's Project. Therefore, the funds were used for the welfare of Children. The report for the



commemoration of the 2015 Day of the Child was attached. The funds were used on related programme. However the actual line for the Day of the African Child was not funded.

### **Committee's Observations and Recommendations**

Your Committee is concerned that the Controlling Officer is using emotions to finance programmes at the expense of clear provisions in the *Public Finance Act* regarding variations of funds. While appreciating the importance of the programmes funded, your Committee strongly cautions the Controlling Officer against ignoring the provisions of the Financial Regulations and urges her to always seek prior approval from the Treasury for any variations. The Controlling Officer is urged to desist from making unilateral decisions which are at variance with the law. Your Committee resolves to await a progress report on the normalisation of the variation.

#### **c) Irregular Payments of Subsistence Allowances - K132,767**

The Controlling Officer submitted that the sum of K8,010 had been recovered and the balance of K124,757 was being recovered from the officers through the payroll. Copies of the payslips and payroll input documents were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee not only finds this conduct unacceptable but also disappointing in that the recoveries will take thirty months to be fully

recovered. In addition, Your Committee is concerned that the Controlling Officer has only instituted recoveries without taking any disciplinary actions against the erring officers. Your Committee strongly urges the Controlling Officer to review the period of recovery from the current thirty months to a more reasonable period. This should be done on a case to case basis taking into account the varying incomes for the affected officers. In addition, disciplinary action should be instituted against the officers responsible for this irregularity. Your Committee resolves to await a progress report on the matter.

**d) Unaccounted for Stores - K206, 518**

The Controlling officer submitted that the disposal details for stores items amounting to K206,518 had been traced. The documents could not be availed during audit as they were misfiled but were currently available for audit verification.

**Committee's Observations and Recommendations**

Your Committee is concerned over the poor record keeping at the Ministry. Furthermore, it is surprising that the documents were not available at the time of the audit despite adequate time having been given by the auditors. Your Committee urges the Controlling Officer to enhance record keeping at the Ministry in order to avoid the recurrence of the query. Your Committee urges the Controlling Officer to institute disciplinary action against officers responsible for the misfiling of the disposal details. Your Committee will await a progress report on the matter.

e) **Outstanding Debt on Insurance Premiums for Motor Vehicles - K375,978**

The Controlling Officer informed your Committee that the figure was an accumulation from the time the institution was under Cabinet Office. The Ministry had budgeted for the settlement of the debt under the 2017 budget and was hopeful that the funds would be released.

**Committee's Observations and Recommendations**

Your Committee wishes to express its disappointment on the accumulation of debt for Insurance premium on motor vehicles from the time the Ministry was a Department under Cabinet Office. This is a clear case of negligence on the part of the Controlling Officer as this puts the motor vehicle users at risk given the increasing number of accidents. The Controlling Officer is urged to ensure all the outstanding insurance premiums are paid and all uninsured vehicles are insured in the 2017 financial year. Your Committee awaits a progress report.

f) **Missing Payment Vouchers - K126,966**

The Controlling Officer submitted that five out of six payment vouchers amounting to K77,446 were attached. However, the Ministry was still looking for the remaining vouchers amounting to K49,520. The documents were available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee is concerned over poor record keeping at the Ministry. It is evident that the Controlling Officer is not closely monitoring the officers as expected. The Controlling Officer is urged to institute measures to improve record keeping in the Ministry as well as disciplinary measures against officers responsible for this irregularity. Your Committee resolves to await a progress report on the matter.

### **g) Failure to Adhere to Procurement Procedures - K290,830.50**

The Controlling Officer submitted that the payment in question, amounting to K290,830.50, was not a procurement of a service but transfer of funds to an implementing partner. The payee was an implementing partner whose role was to carry out the awareness on Anti-Gender Based Violence. Implementing partners were normally identified by UNICEF and this case was no different. The 2015 Work Plan for the UNICEF programmes which should the payee's role, was available for verification.

## **Committee's Observations and Recommendations**

While appreciating that the funds for this programme were provided by the donors, your Committee is concerned that the Ministry, which did the transaction on behalf of the donor, did not follow laid down procurement guidelines. The Controlling Officer is urged to desist from this practice in future and allow the donors to directly deal with the service providers. Your Committee reiterates that once a Government department is dealing with any

payments, procurement procedures have to be followed to the latter. Your Committee resolves to close the matter subject to audit verification.

**h) Unexplained Debit Entry - K10,464**

The Controlling Officer submitted that the K10,464 debit entry on the statement was for cheque Number 000186 which was a payment to Imran's Service Station in December, 2013 for the supply of fuel and Lubricants. This payment was on the list of unrepresented payments until it became stale. However, in 2015 the cheque was cleared by the bank. The bank was queried why the cheque was cleared when it was stale. The response was that the value was given to the customer in November, 2013 but the bank could not debit the Ministry of Gender account due to the challenges during the migration to the cheque transaction system at the time the payment was made and was only debited in 2015. A copy of the letter from the bank was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee is disappointed that this information was not availed to the auditors at the time of the audit despite the Ministry being given adequate time. This clearly demonstrates that there is poor record keeping at the Ministry and that the audit was not given the required cooperation. Your Committee calls upon the Controlling Officer to take disciplinary action against officers who failed to cooperate with the auditors and to scale up measures on record keeping to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**i) Non Submission of Expenditure Returns - K750,833**

The Controlling Officer submitted that letters had been written to all child institutions to submit the returns to the Ministry. On the Women Clubs, the Ministry had a Monitoring and Evaluation programme in which activities of clubs were evaluated and expenditure documents were checked. The Ministry was yet to undertake this activity and it was during this time that documents from Clubs would be.

**Committee's Observations and Recommendations**

Your Committee is disappointed with the *laissez-faire* attitude exhibited by the Controlling Officer in not ensuring accountability for such colossal sums of funds. It is inconceivable that all grant aided institutions have not submitted the annual returns as required by law. The Controlling Officer is urged to ensure that all expenditure returns are submitted for the funds disbursed to them and that in future, grant aided institutions must only be funded upon submission of monthly expenditure returns. Your Committee resolves to await a progress report on the submission of expenditure returns.

## MINISTRY OF HOME AFFAIRS - ZAMBIA POLICE

### AUDIT QUERY

### PARAGRAPH 16

DEPARTMENT : Various  
UNITS : Various  
PROGRAMMES : Various  
ACTIVITIES : Various

### Accounting and Other Irregularities

16. An examination of accounting and other related records maintained at the Zambia Police carried out from May to July 2016 revealed various weaknesses to which the Controlling Officer responded as set out below.

#### a) Personnel Emoluments – K1,008,173,918

##### i) Rural, Remote Hardship and Housing Allowance- K391,104

The Controlling Officer submitted that irregular payment of Rural and remote Hardship allowance was as a result of failure on the part of Public Service Management Division (PSMD) to create position ID's to correspond with the establishment for certain districts.

According to records, the forty two employees referred to were transferred from districts qualifying for rural hardship allowance to districts not qualifying for rural hardship allowance. Since there were no position ID's for the officers in the new districts not qualifying for rural hardship

allowance, the transferred officers were allowed to move with their position ID's from the Districts qualifying for rural hardship allowance, hence the anomalies. However, recoveries for the K391,104 allowances irregularly paid had been effected.

### **Committee's Observations and Recommendations**

Your Committee notes that payroll management issues are not being given the attention they deserve by the Ministry. In most instances, matters related to staff conditions are not followed up until at audit process. Your Committee urges the Controlling Officer to ensure that whenever officers are transferred, the PMEC unit must be advised accordingly in order to avoid the recurrence of these anomalies. Your Committee resolves to close the matter subject to audit verification.

#### **ii) Irregular Payment of Housing Allowances- K226,444**

The Controlling Officer submitted that after a thorough investigation of the matter, it was established that the affected officers did not live in the institutional houses as earlier reported by the auditors. In view of the above, the Ministry had since stopped the recoveries from running on the officers pay slips. It was explained that the Police Service did not have institutional houses in Chisamba and Mkushi where these officers were operating from.



## **Committee's Observations and Recommendations**

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

### **b) Failure to Deduct Tax- K38,162**

The Controlling Officer submitted that the anomaly was as a result of the officers in Ndola still using the old Pay as you Earn (PAYE) guide, which categorised Settling-in Allowance as one of the non taxable allowances. However, recoveries of the taxable amounts had since been effected from the erring officers and the Ndola office had been advised to use the latest PAYE guide.

## **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to carry out a detailed assessment to determine if any other officers under the Ministry are still using the old PAYE guide and institute similar measures in order to avoid the recurrence of the query. Your Committee further calls for disciplinary action against the officers responsible for this anomaly. Your Committee resolves to await a progress report on the matter.

### **c) Unretired Accountable Imprest - K106,375**

The Controlling Officer submitted that out of the five officers affected, three officers had since retired an amount totaling K53,875.04 and recoveries of the balance of K52,500 had been effected.

## **Committee's Observations and Recommendations**

Your Committee expresses concern on the non retirement of accountable imprest by officers at the Ministry headquarters. The conduct by the officers demonstrates the laxity of the Controlling Officer in addressing the issue. In addition, it is shocking that the Controlling Officer has only instituted recoveries without taking appropriate action against the erring officers. Your Committee strongly recommends that other than the recoveries, the five officers must be disciplined without delay as their action contravenes Financial Regulation No 96 (1). Your Committee resolves to await a progress report on the full recovery of the funds and the disciplinary action to be taken by the Controlling Officer.

### **d) Overpayment of Subsistence Allowance - K66,550**

The Controlling Officer submitted that it was regrettable that officers failed to adhere to the circulars which clearly provided guidance as far as Subsistence Allowance rates were concerned and when Out-of-Pocket Allowance was applicable.

Your Committee was also informed that recoveries had since been effected of the amount of K66,550 over paid amount on Subsistence Allowance and K20,597 over paid as out of pocket allowance instead of lunch allowance. It was further reported that the officers who made these irregular payments had since been cautioned.

## **Committee's Observations and Recommendations**

Your Committee is disappointed that the Controlling Officer is not helping matters in addressing issues affecting the Ministry. In this regard, your Committee is alive to the fact that before any payment is made, the request goes through a series of stages, such as internal audit, before being approved. It is, therefore, unacceptable that the payment was approved with such anomalies. Your Committee urges the Controlling Officer to strengthen internal controls relating to the processing of payments for staff in order to avoid the recurrence of the query and to institute disciplinary action against all erring officers in this case. Your Committee will await a progress report on this matter.

### **e) Undelivered Goods**

#### **i) Supply and Delivery of One Explosion Trace Particulate and Vapour**

The Controlling Officer submitted that the equipment that was delivered did not meet the required specifications, prompting the user department to reject the delivery. After engaging the supplier on this matter, it was agreed that a replacement be shipped immediately.

## **Committee's Observations and Recommendations**

While noting the firm stance exhibited by the Ministry on the rejection of the equipment with wrong specifications, your Committee is concerned that eight months has passed without the supplier shipping the

correct equipment. Your Committee urges the Controlling Officer to follow up the matter in order for the equipment to be delivered without any further delay. Your Committee resolves to await a progress report on the matter.

**ii) Supply and delivery of Test Bench**

The Controlling Officer informed your Committee that the equipment in question was delivered and fitted for use on 27<sup>th</sup> September 2016. Furthermore, it was explained that the transaction in question was not an off the shelf purchase, but the equipment was manufactured on order. Therefore, it had taken the supplier nine months to receive the order, manufacture, ship and fit the equipment for use. The equipment was available for verification.

**Committee's Observations and Recommendations**

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

## **AUDIT QUARRY**

## **PARAGRAPH 17**

PROGRAMMES : Various

ACTIVITIES : Various

### **Accounting and other Irregularities**

17. An examination of the accounting and other related records maintained at the Ministry carried out from May to July, 2016, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Failure to Settle Insurance Premiums – K1,144.000**

The Controlling Officer explained that during the year under review, an amount of K1,500.000 was allocated for transport management to cater for the procurement of fuel and lubricants, repair and servicing of motor vehicles as well as motor vehicle insurance. The Ministry had also allocated K531,106 for the dismantling of arrears in respect of goods and services. However, due to the limited resource envelope, the Ministry could not liquidate the outstanding insurance premiums with the Zambia State Insurance Company.

However, the Ministry had since taken the following measures to address the situation.

- i) Updated the inventory on motor vehicles allocated to Chiefs to establish which ones were runners and non-runners, for purpose of insurance.

- ii) Made a budgetary provision of K1,105,397.00 for transport management in 2017 financial year.
- iii) Made a budgetary provision of K442,000.00 for dismantling of arrears in respect of goods and services in the 2017 financial year.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the outstanding insurance premiums are settled and compensation for the damaged motor vehicle claimed. Your Committee awaits a progress report on the matter.

#### **b) Irregular Payment of Loans – K88,000**

The Controlling Officer submitted that it was regrettable that K88, 000 was paid without authority from the Secretary to the Treasury. He confirmed that this was a lapse on his part. He however, assured Your Committee that recoveries were effected immediately the loans were paid and were still running.

### **Committee's Observations and Recommendations**

Your Committee strongly advises the Controlling Officer to familiarise himself with the Financial Regulations and various financial management procedures. Your Committee further calls upon the Secretary to the Treasury to ensure that all Controlling Officers adhere to Financial Regulations and that

this transaction be regularised without any further delay. Your Committee awaits a progress report on the matter.

## **MINISTRY OF ENERGY AND WATER DEVELOPMENT**

### **AUDIT QUERY**

### **PARAGRAPH 18**

PROGRAMME : Various

ACTIVITIES : Various

### **Accounting and Irregularities**

18. An examination of accounting and other records carried out in June and August, 2016 at the Ministry headquarters and a visit to selected districts revealed the various weaknesses, to which the Controlling Officer responded as set out below.

#### **a) Questionable Transfer of Funds-Revolving Account- K150,000**

The Controlling Officer submitted that the transfer was necessitated by the borrowing from the loan revolving account to facilitate payment for advance against salary arrears for an officer who was deleted from the payroll in 2012.

Thereafter, the Ministry of Finance released funds for dismantling arrears and the Ministry refunded the loan revolving fund account with the amount of K150,000.00 which was queried. The coding was done correctly as shown on the payment voucher. Funding details and IFMIS ledgers were

available for verification. However, he stated that the transfer was done outside the system due to system failure which was irregular, the amount in question had since been transferred back to Recurrent Departmental Charges (RDCs) Account where it originally came from. Documents were available for verification.

### **Committee's Observations and Recommendations**

Your Committee notes with concern that the details were not availed to the auditors during the audit stage which suggests that laid down procedure was not followed. In closing the matter, subject to audit verification, your Committee urges the Controlling Officer to desist from misapplying funds without seeking prior approval from the Treasury.

#### **b) Unsupported Transfers- K156,283.13**

The Controlling Officer informed your Committee that the transfers recorded in the cash book were recoveries from individual officers who were paid loans and advances from Ministry of Finance-PMEC. The Ministry requested for the recovery schedules for the year 2015 from PMEC which revealed that there were two transfers which were wrongly credited to the Ministry's loan revolving account. The two transfers of K79,782.78 and K70,213.44 were meant for Ministry of Science and Technology and Ministry of Finance and National Planning respectively. The Ministry intends to transfer the amounts in question to the respective Ministries in three installments effective December, 2016. Documents were available for verification.



### **Committee's Observations and Recommendations**

Your Committee is disappointed that the Ministry only discovered that the amounts involved were wrongly transferred from other ministries way after the funds were used. The Controlling Officer is urged to ensure that officers in the Ministry are closely supervised to avoid the recurrence of similar issues. Your Committee also urges the Controlling Officer to institute disciplinary action against officers responsible for this irregularity. Your Committee resolves to await a progress report on the matter.

#### **c) Failure to Recover Advances and Loans- K40,524**

The Controlling Officer informed your Committee that the delay in the recovery was due to the omissions at the time of effecting other recoveries. However, recoveries of salary advances paid to three officers amounting to K11,500.00 and tuition advances paid to the other three officers amounting to K29,025.00 had since been effected for the month of November, 2016. Documents were available for verification.

### **Committee's Observations and Recommendations**

Your Committee is concerned with the number of queries under the Ministry that occur as a result of omissions. This is a clear case of lack of seriousness by officers. Your Committee urges the Controlling Officer to institute disciplinary action against the responsible officers and ensure that they are all thorough in future undertakings in order to avoid the recurrence of the

query. Your Committee resolves to await a progress report on the full recovery of the funds.

**d) Failure to Remit Tax - K173,914.10**

The Controlling Officer submitted that of the queried amount of unremitted tax of K4,868.70 was deducted from a nontaxable item – loading and offloading, leaving the balance of the unremitted amount at K169,044.00. Further, he reported that deductions for tax were effected from all the affected officers and the Ministry had since remitted the whole amount as queried. The documents were available for verification.

**Committee’s Observations and Recommendations**

Your Committee is not only disappointed that the action was only taken after the audit process but also that no disciplinary action has been taken against the erring officers who did not remit the funds as is required by law. Your Committee strongly urges the Controlling Officer to immediately institute disciplinary action against the officers involved. In addition, the Controlling Officer must designate one officer to be solely responsible for making remittances to ZRA to avoid the recurrence of similar irregularities in future. Your Committee resolves to await a progress report on the matter.

**e) Failure to Prepare Accurate Bank Reconciliations**

The Controlling Officer stated that a letter was written to the Bank asking for the reversal of K12,847.78 dated 18<sup>th</sup> August, 2015 which was debited

twice in our account. The Bank had since responded to the letter stating that the Bank received two instructions to debit the account, one in a cheque and another in a letter form. Further, the Bank stated that in order to reverse the transaction, the Ministry had been advised to write to the beneficiary to send back the amount in question. The Ministry had since taken action accordingly. The letter was available for verification.

### **Committee's Observations and Recommendations**

Your Committee is concerned with the weakness on the part of the Controlling Officer in keeping the officers under the Ministry in check. It is disheartening that action was only taken when the Ministry was queried to appear before your Committee. This action contravenes the Ministry of Finance Circular No 1(8.8(a) ) which is very clear on bank reconciliations. The Controlling Officer is urged to institute disciplinary action against officers responsible for this lapse and have the double payment investigated by the Police. Your Committee also directs that the Controlling Officer vigorously follow up the refund and ensure close supervision of all staff to avoid recurrence of such anomalies. Your Committee resolves to await a progress report on the matter.

#### **f) Missing Payment Vouchers- K55,526.54**

The Controlling Officer submitted that all the missing payment vouchers had since been traced and verified by the auditors. The matter had since been recommended for closure.

## **Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

### **g) Payment not captured in the IFMIS-K463,046**

The Controlling Officer informed your Committee that of the queried amount, K1,074,000.00 was captured in the system leaving a balance of K463,046.00 as verified by Auditor General's Office. A Further, K150,000.00 was found to have been captured in the system, leaving a balance of K313,046.00. Documents were ready for verification.

## **Committee's Observations and Recommendations**

Your Committee is disappointed with the disjointed response by the Controlling Officer regarding the matter. While the Controlling Officer suggests that other payments were captured in IFMIS, no documentary evidence was availed to the auditors during the audit process. This is a clear case of misfiling of documents. Your Committee urges the Controlling Officer to enhance supervision in the Ministry in order to avoid recurrence of such unnecessary irregularities. Your Committee also urges the Controlling Officer to institute disciplinary action against all officers responsible for the irregularity, including those who failed to avail the relevant documents to the auditors. Your Committee resolves to await a progress report on these matters, and also on the outstanding balance.

## **h) Irregular Payments**

### **i) Sitting/Evaluation and Audit Committee Allowance**

The Controlling Officer submitted that recoveries were effected from the affected officers in July and August, 2016.

#### **Committee's Observations and Recommendations**

Your Committee expresses concern that despite being adequately advised by Your Committee in its previous Report, the Controlling Officer has not addressed this matter. Further, despite the recoveries being instituted, no disciplinary action has been taken against the erring officers. Your Committee strongly urges the Controlling Officer to institute appropriate disciplinary action against the erring officers for their action. Your Committee resolves to await a progress report on the matter.

### **ii) Meal/Lunch Allowances- K 181,553.50**

The Controlling Officer submitted that recoveries were effected from the affected officers in July and August, 2016.

#### **Committee's Observations and Recommendations**

Your Committee expresses worry at the fact that officers in the Ministry continued to pay themselves allowances in total disregard to clearly stated guidelines on payment for allowances. In addition, the Controlling

Officer appears to believe that recoveries constitute disciplinary action, which is not the case. Your Committee strongly urges the Controlling Officer to institute appropriate disciplinary action against the erring officers for this conduct. Your Committee resolves to await a progress report on the matter.

**iii) Transport Refunds- K 749,995.35**

The Controlling Officer submitted that recoveries were effected for deductions from the affected officers in July and August, 2016. Details were availed to the auditors and verified. The matter had since been recommended for follow up in the subsequent audit.

**Committee's Observations and Recommendations**

Your Committee once again expresses worry at the fact that officers in the Ministry continued to draw allowances irregularly with impunity. Your Committee is also concerned that the Controlling Officer has not taken disciplinary action against the officers. It is unheard of that ninety seven transactions were undertaken without any action from the Controlling Officer. Your Committee strongly urges the Controlling Officer to not only institute appropriate disciplinary action against the erring officers for this conduct but also to scale up supervision. Your Committee resolves to await a progress report on the matter.

**i) Unretired Accountable Imprest- K133,253.40**

The Controlling Officer informed your Committee that, of the queried amount of K133,253.40, K10,000.00 was paid as direct allowances as opposed to imprest. The retirement details totaling K123,253.40 involving twenty one transactions were availed to the auditors and verified.

**Committee's Observations and Recommendations**

Your Committee closes the matter.

**j) Failure to Produce Reports - K2,454,518**

The Controlling Officer submitted that out of the K3,691,950.38 queried, reports totaling K1, 237,432.33 were availed and verified by auditors leaving the balance of K2,454,518.

Further, reports totaling K1,805,726.07 had since been traced and ready for verification. Efforts were being made to trace the remaining reports amounting to K648,791.93.

**Committee's Observations and Recommendations**

Your Committee contends that the failure by the Ministry to avail reports to the auditors despite funds being released is testament that the Controlling Officer is not keeping the officers in check. It is further disheartening that no disciplinary measures have been instituted by the Controlling Officer.

The Committee urges the Controlling Officer to ensure that officers responsible for this assignment are disciplined in accordance with the Financial Regulations and other applicable regulations. Your Committee resolves to await a progress report on the remaining amounting to K648,791.93.

**k) Unsupported Payments-K97,025.30**

The Controlling Officer submitted that efforts still were being made to trace the supporting documents for the balance of the payments amounting to K97,025.35.

**Committee's Observations and Recommendations**

Your Committee notes with concern the poor record keeping at the Ministry, which culminated into the failure to produce the documents to the auditors during the audit process. Your Committee urges the Controlling Officer to improve record keeping to avoid the recurrence of the query. In addition, disciplinary action should be instituted against officers responsible for the poor record keeping. Your Committee resolves to await a progress report on the matter.

**l) Unaccounted for Stores - K138,413.00**

The Controlling Officer submitted that details relating to receipts and disposal details amounting to K78,638.00 had since been traced and are ready for verification leaving a balance of K59,775.00.



### **Committee's Observations and Recommendations**

Your Committee notes with concern the poor record keeping at the Ministry which resulted in the failure to produce the documents to the auditors at audit stage. Your Committee urges the Controlling Officer to improve record keeping so as to avoid the recurrence of such irregularities. In addition, disciplinary action should be taken against the stores officers responsible for the poor record keeping. Your Committee resolves to await a progress report on the matter.

#### **m) Unaccounted for furniture and equipment- K54,366**

The Controlling Officer submitted that receipt and disposal details had since been traced and verified by the auditors. The matter had been resolved.

### **Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

#### **n) Geological Survey Department - Infrastructure Development**

The Controlling Officer submitted that documents were availed for the circulation that was done by your Committee members for the approval for the award of the contract to Lumworks, the circulated tender documents and the performance guarantee for the additional payment of K139, 110.29 were availed to the auditors and verified.

Further, the Ministry of Works and Supply did not carry out evaluation of works done by Sarzam Contractors Limited, instead they used the certificates of completion as basis for the works done. The value of the works done by Sarzam contractors Limited were subtracted from the sum of the contract which was awarded to Lumworks Enterprises.

### **Committee's Observations and Recommendations**

While noting that a number of issues were addressed, your Committee resolves to await a progress report on the submission of the evaluation report for audit verification.

#### **o) Construction of Rural Filling Stations at Mporokoso and Luwingu in Northern Province**

The Controlling Officer submitted that completion of the projects had delayed due to lack of financial resources. The Mporokoso project had since stalled in order to concentrate on the Luwingu Service Station project. The status report for the Luwingu Service Station was available for verification. Your Committee also heard that funds had been sourced for the projects from the Strategic Resources Fund through the office of the Secretary to the Treasury.

### **Committee's Observations and Recommendations**

Your Committee is alive to the challenges the Treasury has faced over the past years and is pleased to note the action being taken towards releasing

funds for the completion of the projects. Your Committee urges the Controlling Officer to ensure the projects are completed without any further delay. Your Committee resolves to await a progress report on the matter.

**p) Contract for Consultancy Services for the Development and Establishment of an Integrated Mining Information System for the Mineral Economics Unit**

The Controlling Officer submitted that the Ministry could not have the system installed within the agreed time due lack of funds to buy some components. Funds were eventually sourced from the European Union to buy the missing components. Currently, the system was being connected to the server. In addition, your Committee was informed that the Ministry was in receipt of the status report by the Consultant, SATRA Infrastructure Management Services Pvt. Ltd as at September, 2016.

**Committee's Observations and Recommendations**

Your Committee notes the progress made and awaits a report on the full implementation of the system as well as the audit verification of the reports.

## MINISTRY OF HOME AFFAIRS

### AUDIT QUERY

### PARAGRAPH 19

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

### Accounting and other Irregularities

19. An examination of accounting and other records maintained at the Ministry Headquarters and the other departments carried out between January and March, 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### a) Misapplication of funds - K77,822

The Controlling Officer submitted that it was regrettable that the Ministry spent a total amount of K77,822.00 meant for Office Administration to repair the Minister's house without treasury authority. The Ministry engaged a contractor in order to renovate the house offered to the newly appointed Minister which was in a dilapidated state because the Ministry of Works and Supply did not have the funds to carry out the renovation works. In order to mitigate the challenge of limited resources in accommodating the Minister with his family outside his official residence, the Ministry decided to use the available funds under Office Administration to renovate the house.

The application to the Secretary to the Treasury for authority to vary funds had since been made in order to normalise the expenditure. It was further explained that the Ministry engaged the Ministry of Works and Supply to contract and supervise the works as could be seen from the Completion Certificate. The Controlling Officer also submitted that, in future, the Ministry would ensure that such works were undertaken by Ministry of Works and Supply to avoid recurrence of this matter.

### **Committee's Observations and Recommendations**

Your Committee finds the reasons advanced by the Controlling Officer for not seeking prior approval from the Treasury before varying the funds unacceptable. It is clear that the continued misapplication of funds occurs due to the failure by the Controlling Officer to adhere to financial regulations. The Controlling Officer is urged to curb this practice, by adhering to the *Appropriation Act of 2014*. Your Committee resolves to close the matter subject to audit verification.

#### **b) Issuance of National Identity Documents (Non delivery of Chairs and Punchers) – K95,880**

The Controlling Officer submitted that the two companies namely; Lamedahs Enterprises and Wang Heng Construction Limited had not delivered executive chairs and punchers amounting to K48,600 and K47,280 respectively, as of July, 2016.

The Ministry had written to these two companies requesting them to deliver the executive Chairs, punchers and staplers, failure to which the matter would be reported to the police. The two suppliers committed themselves to supply the goods by 30<sup>th</sup> October, 2016. However, the two suppliers had not delivered the goods to date and the matter had since been reported to the police. Your Committee would be informed of progress made once the police investigations were concluded.

### **Committee's Observations and Recommendations**

Your Committee expresses concern over the manner in which the Ministry is approaching the matter. In the first instance, it was against procurement regulations for the Ministry to make full payment before the delivery of the goods. Further, since this is a clear case of breach of contract, the police is the wrong institution to report the matter. It is the considered view of your Committee that the matter be taken to court for litigation since the companies have clearly failed to honour the terms and conditions of the contract. In addition, disciplinary action should be taken against officers who authorised the payments to the suppliers before the goods were supplied. In the same vein, your Committee implores the Controlling Officer to desist from making advance payments to suppliers in contravention of procurement regulations. Your Committee will await a progress report on the matter.

#### **c) Failure to Claim Compensation for Insured Motor Vehicles - K1,796,475**

The Controlling Officer submitted that insurance premiums amounting to K1,796,475 for three Motor Vehicles which were involved in the road traffic accidents due to inadequate RDCs funding during the year under review. However, efforts were being made to ensure that this year's motor vehicle insurance premium were paid when funds were available since the activity was budgeted for.

As regards to GRZ 990 CE which was stolen in 2014, the current position was that the matter was reported to the police and the police were still investigating. Your Committee would be informed of progress made once police investigations were concluded.

### **Committee's Observations and Recommendations**

Your Committee is dismayed by the laxity exhibited by the Ministry in paying insurance premiums on motor vehicles. It is evident that the Ministry does not consider this exercise important. Your Committee urges the Controlling Officer to ensure that all motor vehicles are insured once the Treasury releases the necessary funds. Your Committee awaits a progress report on the matter.

#### **d) Supply of Portable Generators - K622,000.00**

**i) Failure to Obtain Performance Security**

The Controlling Officer submitted that it was regrettable that no Performance Security was produced for audit, contrary to the Public Procurement Regulations No. 127 of 2011. This was due to the fact that when the tender was processed, the Ministry took long to pay due to non-availability of funds and by the time the funds were received in April, 2015, the initial payment of K311,000.00 was made on 24<sup>th</sup> and 29<sup>th</sup> April 2015, when the prices had changed due to fluctuations in the exchange rate.

It was also stated that the contract was entered into on 5<sup>th</sup> December, 2014 and the contract payments were only effected in April, 2015 when funds from Ministry of Finance were released. In this regard, the supplier was paid upon delivery of 200 generators a total amount of K311,000.00 which was 50% of the contract sum. This transaction was therefore, treated on a cash on delivery basis.

**Committee's Observations and Recommendations**

Your Committee finds that the explanation by the Controlling Officer is a clear indication of lack of close supervision in the Ministry. The Controlling Officer is urged to ensure payments in future must be made in accordance with laid down guidelines to avoid the recurrence of the anomaly. Your Committee resolves to close the matter subject to audit verification.



## **ii) Failure to Obtain Advance Guarantee**

The Controlling Officer submitted that in this particular contract there was no advance payment which was made after signing of the contract on 5<sup>th</sup> December, 2015. This was due to the fact that the advance payment was supposed to be made thirty days after signing the contract. But due to non-availability of funds at the time the contract was signed, the Ministry could not make the advance payment towards this contract, rendering it not necessary to enforce the Advance Guarantee Clause. The initial payment was only made on 24<sup>th</sup> April, 2015 amounting to K199,040.00 and on 29<sup>th</sup> April, 2015 amounting to K111,960.00 bringing the total amount paid to K311,000.00 for the delivery of the first consignment of 200 generators. The delivery of the first consignment was made on 30<sup>th</sup> April, 2015.

### **Committee's Observations and Recommendations**

Your Committee is concerned with the approach of the Ministry by entering into contracts without prior confirmation of availability of funds from the Treasury to finance activities. This has resulted not only in the delay of delivery of goods and services but also queries that ordinarily would have been avoided. Your Committee urges the Controlling officer to, in future, not enter into contracts without prior confirmation of the availability of funds from the Treasury. Your Committee resolves to close the matter subject to audit verification.

## **iii) Undelivered Generators**

The Controlling Officer submitted that the current position was that the Ministry's Head of Procurement, after analysing the concerns raised by the supplier, brought the matter to the attention of the Ministerial Procurement Committee seeking for authority to vary quantities to be delivered against the total amount of K622, 000.00 which was paid to the supplier. The authority to vary quantities from the Ministry Procurement Committee was granted on 16<sup>th</sup> July, 2016. This followed the supplier's argument that they could not deliver the remaining 100 Generators because of changes in prices due to time lapse in honouring the payments, the date of the contract to the date of final payment and exchange rate fluctuations with the kwacha trading at K12.16 in April, 2015 as compared to K6.13 in December, 2014 when the contract was signed.

The authority to vary quantities from the Ministerial Procurement Committee was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee notes the response and resolves to await a progress report on the supply of the remaining generators.

**MINISTRY OF HOME AFFAIRS**

**AUDIT QUERY**

**PARAGRAPH 20**

UNIT	:	01	Prisons and Reformatories
PROGRAMME	:	4100	Prison Farm and Industries
		4101	Prison Infrastructure Development
		4024	Farm Management
ACTIVITY	:		Various

### **Accounting and other Irregularities**

20. An examination of accounting and other records and a physical inspection of selected projects and equipment in provinces and Prisons Headquarter carried out during the period from June 2016 to July, 2016 revealed various weaknesses to which the Controlling Officer responded as set out below.

#### **a) Undelivered Soya Beans – K125,000.00**

The Controlling Officer submitted that all the soya beans in question was procured for the 2012/2013 and 2013/2014 farming seasons. It was all delivered to Chondwe. The deliveries for the seed was done between 2012/2013 while the payments were only effected in 2015. To this effect, 625 x 25kgs bags of soya bean seed costing K125,000.00 were delivered to Chondwe Prison. The first delivery was made on 30<sup>th</sup> November, 2012 for 240 x 25kgs bags, while the second delivery was made on 4<sup>th</sup> December, 2012 for 240 x 25kgs bags. The final delivery was made on 16<sup>th</sup> December, 2013 for 145 x 25kgs bags. After delivery, payments for the soya bean seed were only made in 2015 on EFTA No. 0010550 dated 30<sup>th</sup> April 2015 and 000256 dated 11<sup>th</sup> December 2015.

## **Committee's Observations and Recommendations**

Your Committee notes with concern that the delay in the supply of seed has far reaching effects in that rain-fed agriculture is time bound. It is surprising that despite the supplier being paid on time, the seed was delivered outside the agriculture season which defeated the purpose for the procurement. Your Committee urges the Controlling Officer to ensure that in future, payments for supply must only be done upon delivery of seed. In addition, terms and conditions in the respective contracts must be followed to the latter. Your Committee resolves to close the matter subject to audit verification.

### **b) Weaknesses in Management of Infrastructure Projects – K3,870,257.61**

The Controlling Officer submitted that it was regrettable that only portal frames of the structure had been erected, pillar base plastered, a quarter of backfilling done and that construction of walls/brick works, flooring, roofing and all installation works were still outstanding at the time of audit inspection conducted in June, 2016. The Controlling Officer also stated that the contractor had abandoned site during the time of inspection. This was due to delays in the Ministry settling outstanding payment certificates as a result of erratic funding from Ministry of Finance. This which resulted into failure by the contractor to pay the workers, subcontractors and the project team, as well as to honour credit facilities with suppliers.

It was stated that the first payment certificate amounting to K1,113,320.40 issued on 28<sup>th</sup> August, 2015 was only paid on 25<sup>th</sup> November 2015. Similarly, the second payment certificate for K1,132,814.57 dated 8<sup>th</sup> August 2015 only

was only paid in part by the sum of K1,056,796.50 on 1<sup>st</sup> June 2016 leaving a balance of K76,018.07. Arising from the delays in settling payments, the contractor wrote to the Provincial Buildings Engineer requesting for the extension of time for the project.

### **Committee's Observations and Recommendations**

Your Committee expresses concern over the management of contracts by the Ministry. It is disappointing that the contract terms and conditions are not followed resulting in the extension of completion period as well as incurring extra costs due to price adjustments. Your Committee urges the Controlling Officer to only sign contracts upon release of funds by the Treasury to avoid the recurrence of similar anomalies. Your Committee resolves to await a progress report on the completion of the projects.

**c) Failure to Insure Farming equipment - Chitumba Prison Farm – K141,688.00**

The Controlling Officer submitted that the said K141,688.00 was received from Zambia Non-Ferrous Metals Exploration and Construction Limited and not Greenline Agricultural Limited as indicated by the auditors. It was further reported that the damage to the center pivot was caused by the fire which originated from the premises of the Zambia Non-Ferrous Metals exploration and Construction Limited. Greenline Agricultural Limited was the contractor that carried out the repair works for K141,688.00. The compensation agreement between the Zambia Non-Ferrous Metals

Exploration and Construction and the Zambia Correctional Service, dated 9<sup>th</sup> May 2015 was available for audit verification.

The current status was that Zambia Correctional Service had engaged Zambia State Insurance Corporation to assess the centre pivots and the accessories to determine the value for insurance purposes. The Ministry regretted the delays in the execution and completion of capital projects. However, it had mainly been due to delays in the release of funding for the projects by the Treasury. The completion periods for most of the projects had to be extended as a result.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that despite the experience on the fire that gutted the centre pivot at Chitumba Prison Farm, the Ministry has still not insured the equipment to avoid similar losses in future. This constitutes negligence on the part of the Controlling Officer. Your Committee strongly urges the Controlling Officer to ensure that all equipment is insured not only at Chitumba Prison Farm but all other prisons without any further delay. Your Committee resolves to await a progress report on the matter.

## **MINISTRY OF HOME AFFAIRS - PRISONS AND REFORMATORIES**

### **AUDIT QUERY**

### **PARAGRAPH 21**

UNIT : 01 Prisons and Reformatories  
PROGRAMME: 4100 Prison Farms and Industries

ACTIVITY :       001   Animal Husbandry Management  
                  005   Industrial Workshop

### **Irregularities in the Utilisation of Prisons Industrial Revolving Fund**

21.   An examination of accounting and other records maintained at selected state prisons carried out in June and July, 2016 revealed various weaknesses to which the Controlling Officer responded as set out below.

**a)    Delayed Banking – K23,296.00**

The Controlling Officer admitted that Kansenji and Kamfinsa Prisons contravened Financial Regulation no.121 (1) by delaying banking of revenue in amounts totaling K23,296.00 for periods ranging from three to twenty one days as revealed by the auditors. It was reported that the officers in charge for the two Prisons had been reprimanded, and instructed to ensure that they abide by the Financial Regulations, by banking revenue promptly. The revenue in question was deposited and deposit slips and General Receipts were available for verification.

### **Committee’s Observations and Recommendations**

Your Committee finds the delayed banking a clear indication that there are weak internal controls on revenue management at the Ministry. It is evident that this action is a clear case of teeming and lading by officers arising from

poor supervision. Your Committee urges the Controlling Officer to ensure that internal revenue management controls are tightened to avoid the recurrence of the irregularity and disciplinary action taken against anyone flouting the controls without delay. Your Committee resolves to close the matter subject to audit verification.

**b) Failure to issue GRZ receipts – Muchinga Province K35,166.00**

The Controlling Officer submitted that the matter was resolved during audit verification.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter.

**c) Failure to Refund Borrowed Funds – K28,218.00**

The Controlling Officer submitted that amounts totalling K28,218.00 involving ten transactions were drawn from the Prison Industry Revolving Fund (PIRF) accounts to facilitate various activities at regional offices. He, however, stated that while some of the activities, amounting to K4,700.00, were PIRF related activities, the balance of K23,518.00 were borrowings made for non-related PIRF activities, as the regions had no funding at that time. However, all the regional commanding officers of the affected Prisons had been instructed to ensure that the borrowed funds were reimbursed. As a result of the instruction given to the regional commanders, Muchinga regional office had reimbursed K2000. The balance of K21,518 would be



recovered centrally from the funding meant for the affected regions. The current status is as tabulated below:

**Current Status of Borrowings from PIRF Account**

<b>Station</b>	<b>Amount Borrowed</b>	<b>PIRF Related activities</b>	<b>Amount refunded</b>	<b>Amount not refunded</b>	<b>Non Related Activities &amp; outstanding</b>
Mpika State Prison	7,000.00		2,000.00	5,000.00	5,000.00
Livingstone State Prison	17,500.00	2,700.00	-	14,800.00	14,800.00
Kalomo State Prison	2,000.00	2000.00	-		
Mongu Central Prison	1,718.00		-	1,718.00	1,718.00
<b>TOTAL</b>	<b>28,218.00</b>	<b>4,700.00</b>	<b>2,000.00</b>	<b>21,518.00</b>	<b>21,518.00</b>

**Committee’s Observations and Recommendations**

Your Committee is concerned that the regional offices approved the usage of funds meant for the Prison Industry Revolving Fund to other expenses without due regard to the ramifications on the other activities and for the applicable regulations. While appreciating that the regional offices had no funds at the time, the laid down procedures of borrowing ought to have been followed. Your Committee urges the Controlling Officer to ensure all the amounts are paid in full without any further delay. Your Committee resolves to await a progress report.

**d) Inadequately Supported Payments - K29,103**

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

### **Committee's Observations and Recommendations**

Your Committee is concerned with poor record keeping at the Ministry which resulted in the non availability of the documents during the audit process. While noting that the documents have since been traced, your Committee urges the Controlling Officer to institute disciplinary action against officers responsible to avoid the recurrence of the anomaly. Your Committee will await a progress report on the matter.

#### **e) Unaccounted for Fuel - K5,166**

The Controlling Officer submitted that the transaction involving the drawing of fuel was not recorded in the fuel ledger by the stores officer. The officers did not follow procedure because the few officers trained were moved.

### **Committee's Observations and Recommendations**

Your Committee finds the explanation on the unaccounted for fuel by the Controlling Officer an admission that the Ministry has poor record keeping. Your Committee recommends that the Controlling Officer institute disciplinary action against the officers who failed to enter the details in the relevant records, including their supervisors in order to deter further

negligence of duty by the officers. Meanwhile, the stores records should be submitted for verification. Your Committee will await a progress report on these matters.

**f) Kalonga Milling Plant Revenue Account – K6,385,458**

**ii) Revenue**

- **Failure to Issue Receipts**

The Controlling Officer submitted that amounts totaling K374,845 from the sale of mealie meal products were not receipted at the time of audit. This omission arose because the sales and deposits of the said revenue were done from the Ndola outlet while the receipts were supposed to be issued by our Kabwe office. It was stated that the receipts had been rectified and the GRZ general receipts amounting to K374,845 had since been issued retrospectively. Kalonga milling had since been directed to register for internet banking to help in monitoring the deposits and issuance of receipts on a daily basis.

**Committee’s Observations and Recommendations**

Your Committee expresses worry on the poor record keeping at the Ministry culminating in the inability to avail receipts to the auditors during the audit process. Your Committee calls upon the Controlling Officer to take disciplinary action against the responsible officers and to forthwith closely monitor and supervise them to avoid the recurrence of

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

- **Unreimbursed Borrowings – K454,797.00**

The Controlling Officer deeply regretted that borrowings totalling K454,796.54 were not reimbursed as of August, 2016. The borrowings arose as a result of bilateral games between Namibia and Zambia. However, K80,000.00 had been reimbursed leaving a balance of K374,797 which the service had committed to clear by February, 2017 from the sports contributions by the members of staff.

### **Committee's Observations and Recommendations**

Your Committee is concerned with the manner in which the Ministry is exhibiting impunity by not abiding by budgetary allocation. Your Committee urges the Controlling Officer to ensure the funds are reimbursed without any further delay. The Controlling Officer is further urged to take disciplinary action against officer flouting laid down laws and regulations even where it is not necessary to vary funds. Your Committee resolves to await a progress report on the full recovery of the funds and the disciplinary process to be taken.

### **Uncollected Revenue (Bounced Cheque)- K49,660.00**

The Controlling Officer submitted that revenue amounting to K49,660.00 was not collected. Due to negligence by the officer who released

the goods before clearance of the cheque which had been issued by Community Service Centre, a non-existent entity. Upon discovery of this, the matter was reported to the Police.

The officer had since been charged and the funds was being recovered from his salary. The matter could not be resolved by the auditors as the full amount was not recovered.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to strengthen supervision in the Ministry and submit a progress report on the police investigation.

### **ii) Expenditure**

- **Unretired Accountable Imprest -K27,530**

The Controlling Officer submitted that recoveries for the amount of K27,530 issued to six (06) officers were effected in May, 2016. It was further reported that the recoveries had commenced running on the salaries of the affected officers. Although this matter remains unresolved, action had been taken and the sum involved could not be recovered in a single month.

### **Committee's Observations and Recommendations**

Your Committee expresses regret that there is a bad practice of not retiring imprest in the Ministry and urges the Controlling Officer to put in place internal controls to stem the practice. In addition, the erring officers must be disciplined for not adhering to Financial Regulations of retiring imprest within forty-eight hours. Your Committee resolves to await a progress report on the full recovery of the funds.

- **Irregular use of Accountable Imprest – K24,616.00**

The Controlling Officer informed your Committee that the query was in fact for Kamfinsa and not for Kalonga Milling Plant as indicated by the auditors and the items procured were for use by inmates during trade tests and could not be procured using the procurement method of obtaining three quotations as they were procured from the markets.

### **Committee's Observations and Recommendations**

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

- **Outstanding Debt – Insurance Premium – K207,729.00**

The Controlling Officer submitted that the asset risk policy covered by ZSIC General Insurance Limited was not fully settled with a balance of K207,728.64 outstanding as at April, 2016. However, Kalonga Milling had started dismantling the arrears regarding premiums on staggered basis, and

to this effect the balance of 207,738.64 would be cleared by the first week of December, 2016.

### **Committee's Observations and Recommendations**

Your Committee is concerned over the casual manner the Ministry is handling insurance in general. It is clear that the Controlling Officer is not giving required directives to institutions to ensure insurance cover for all properties. Your Committee resolves to await a progress report on the matter.

## MINISTRY OF HOME AFFAIRS - PRISONS AND REFORMATORIES

### AUDIT QUERY

### PARAGRAPH 22

UNIT : Prisons and Reformatories  
PROGRAMME: General Administration, Other Personal Emoluments and Procurement Management (Food Rations)  
ACTIVITY : Various

### **Irregularities in the Utilisation of Recurrent Department Charges and Food Rations**

22. An examination of financial and other relevant records maintained at Prisons and Reformatories Headquarters and Regional Officers in the provinces carried out during the period June to July, 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### **a) Inadequately Supported Payments – K595,977.00**

The Controlling Officer submitted that the omission was due to misplacement of documents by some stations. However, the documents amounting to K510,307 had since been traced and payment vouchers and were available for verification, leaving a balance of K85,670. The current status was as the table below.



<b>Station</b>	<b>No. of Transactions</b>	<b>Total Amount</b>	<b>Supported</b>	<b>Outstanding</b>
Prisons Headquarters	17	444,686	444,686	Nil
Lusaka Region	24	131,303	45,633	85,670
North Western Region	4	9,400	9,400	Nil
Muchinga Region	1	500	500	Nil
Copperbelt Region	1	10,088	10,088	Nil
	<b>47</b>	<b>595,977</b>	<b>510,307</b>	<b>85,670</b>

### **Committee's Observations and Recommendations**

Your Committee is disappointed at the inability by the Ministry to produce the documents during audit process despite being given adequate time. This is testament to the fact that there is poor record keeping in the Ministry and your Committee implores the Controlling Officer to ensure that the documents relating to the remaining balance of K85,670 are traced and availed to the auditors without any further delay. In addition, disciplinary action should be taken against the erring officers for poor record keeping. Your Committee resolves to await a progress report on the matter.

#### **b) Misapplication of Funds - K1,402,510.00**

The Controlling Officer submitted that the payment vouchers were wrongly coded due to lack of appreciation of the chart of accounts by the staff that were handling accounting duties in the regions in question. However, the transactions were correctly captured in the IFMIS system as evidenced by

Statement 'C' for the Regions cited in audit report. To this effect, only K2,000.00 was misapplied under Central Region.

Furthermore, the codes recorded on the payment vouchers were non-existent in the financial year in question. The errors on the payment vouchers were corrected during validation and preparation of Statement "C" for the financial year ended 31<sup>st</sup> December, 2015.

### **Committee's Observations and Recommendations**

Your Committee notes with great disappointment the manner in which records are being kept at the Ministry. It is clear that there is weak supervision which has culminated into the multiplicity of irregularities revealed during the audit process. The Controlling Officer is urged to strengthen supervision of the financial operations of all units under his charge as a matter of extreme urgency. Your Committee resolves to await a progress report on the matter.

#### **c) Other Personal Emoluments**

##### **i) Under Deduction of PAYE Tax – Headquarters**

The Controlling Officer submitted that the current status was that the tax component had since been recomputed on the K115,484.00 owed to the officers, giving a total tax amounting to K38,361.00 due to Zambia Revenue Authority. Further, out of the K115,484.00 which was due to the

officers, only K17,000.00 had since been paid to the officers as part payment, hence the deduction of K6,666.33.

### **Committee's Observations and Recommendations**

Your Committee expresses displeasure that the officers charged with the responsibility of instituting tax deductions are not discharging their duties as expected. Your Committee reiterates that the onus rests on the Controlling Officer to ensure that the officers are thorough to avoid the recurrence of these anomalies. In this vein, your Committee calls upon the Controlling Officer to mete out disciplinary action against the officers who failed to deduct the tax in accordance with the law. Your Committee directs that all relevant documentation be submitted for audit verification and a progress report be submitted to your Committee.

#### **ii) Failure to Deduct Tax from Settling in allowances – Eastern Province – K19,149.00**

The Controlling Officer submitted that a part payment of K46,230.00 out of K76,597.00 was paid to the officers leaving a balance of K30,367.00. The tax amount of K11,557 had since been effected for recoveries from the officers' salaries and had started running on the payslips. The PAYE balance of K7,592 would be paid from the K30,367 still owed to the officers upon receipt of funding.

The Ministry would be sending tax updates to the regions to ensure that they were up-to-date with the current tax rates

## **Committee's Observations and Recommendations**

Your Committee expresses displeasure that the officers charged with the responsibility of instituting tax deductions are not discharging their duties as expected. The Controlling Officer is urged to take disciplinary action against the officers for this negligence and to ensure that all taxes due to ZRA are deducted and remitted in full. Your Committee resolves to await a progress report on the full remittance of the taxes to ZRA.

### **d) Transport Management**

#### **i) Failure to Report Road Traffic Accident to the Standing Accidents Board – Prisons Headquarters – K34,453.00**

The Controlling Officer submitted that procedure was not followed in handling this matter as there were failures at two levels as follows:

- 1) The accident was not reported to the standing accidents board and the police;
- 2) The vehicle was taken for repairs and paid for despite it being insured.

Your Committee heard that disciplinary action would be taken against the officers involved in this matter. The funds would be recovered from the officers' salaries.

## **Committee's Observations and Recommendations**

While noting the resolve by the Controlling Officer to arrest the situation, your Committee expresses consternation at the levels of impunity of the officers and also that action is only being taken after the audit process. This clearly demonstrates that there is weak supervision in the Ministry, which has resulted in the accident not being reported to the Standing Accidents Board. Your Committee urges the Controlling Officer to strengthen supervision in the Ministry and to take stain disciplinary action against all officers responsible for these lapses. Your Committee resolves to await a progress report on the matter.

**ii) Failure to Insure Motor Vehicles – Northern Region**

The Controlling Officer submitted that contrary to the auditors' observation, vehicles in question were three, namely, PS1027B, PS1070B and PS1032B. The said vehicles were still not insured because they were all non runners and not roadworthy.

**Committee's Observations and Recommendations**

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

**e) Unaccounted for Uniforms and Accessories – Central Region  
( K133,350.00)**

The Controlling Officer submitted that it was regrettable that uniforms and accessories had no disposal details at the time of audit. However, it was reported that disposal details had since been for updated and records were ready for audit inspection.

### **Committee's Observations and Recommendations**

Your Committee is once again concerned that while the Ministry had sufficient time to avail the disposal details during audit process, the Ministry only traced the documents long after the audit process. This highlights that the Ministry's record keeping requires urgent attention. The Controlling Officer is urged to institute disciplinary action against all officers responsible for failing to keep proper records and measures to prevent recurrence of such irregularities. All record should also be submitted for audit verification. Your Committee awaits a progress report on the matter.

#### **f) Staff Uniforms distributed by Headquarters but not received by the intended Stations**

The Controlling Officer submitted that the staff uniforms in question were received by the respective stations however ledgers in which they were recorded were not availed to the auditors due to the absence of the substantive stores officer. The stores ledgers and schedules in which officers signed were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds no merit in the explanation by the Controlling Officer that the substantive stores officer was absent during the audit process. It is inconceivable how the entire department could not have access to the records as a result of the absence of one officer. This highlights the Ministry's poor record keeping. Your Committee urges the Controlling Officer to institute disciplinary measures against all officers responsible for the failure to produce the records to the auditors. The disposal details should also be submitted for audit verification without delay. Your Committee resolves to await a progress report on the matter.

**g) Failure to Deliver Stores Items- North Western Region (K4,176)**

The Controlling Officer submitted that the materials had been collected from the supplier (Card Technology), and the issuance of identity cards was currently in progress. He explained that the delay was caused by the breakdown of the card reader which was only replaced on 9<sup>th</sup> August, 2016.

**Committee's Observations and Recommendations**

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

**h) Unaccounted for General Stores K259,390**

The Controlling Officer submitted that a total of K224,737.20 had since been accounted for, leaving a balance of K25,488 .

#### **Current Status of the General Stores**

<b>Station</b>	<b>No. of Transactions</b>	<b>Amount (K)</b>	<b>Accounted for Stores</b>	<b>Outstanding</b>
Prisons HQ	6	118,737	118,737	Nil
Lusaka Province	15	53,453	29,165	24,288
Southern Province	2	27,140	27,140	Nil
Muchinga Province	1	10,000	10,000	Nil
Northern Province	3	4,683	4,683	Nil
Copperbelt Province	25	45,377	44,177.20	1,200
<b>Total</b>	<b>52</b>	<b>259,390</b>	<b>224,737.2</b>	<b>25,488</b>

#### **Committee's Observations and Recommendations**

Your Committee finds it ironic that receipt and disposal records that are usually not available during audit process are traced immediately after the audit process. This points to poor record keeping and casts doubt on the authenticity of the documents produced after the audit. Your Committee urges the Controlling Officer to expedite the tracing of the remaining records amounting to K25,488 and mete out disciplinary action against officers responsible for failing to keep proper records. Your Committee resolves to await a progress report on the matter.

#### **i) Weaknesses in the Management of Fuel**



## **ii) Unaccounted for Fuel - K102,735**

The Controlling Officer regretted fuel procured in the year under review costing K102,735 involving 176 transactions could not be accounted for due to failure to produce the appropriate disposal details. It was explained that the officers concerned had been reminded to ensure that laid down procedures were followed in the management of fuels and lubricants, failure to which disciplinary action would be taken against them.

It was stated that all the disposal details for fuels and lubricants costing K102,735 were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee is disappointed with the poor record keeping at the Ministry. There is clearly weak supervision, which has resulted in officers conducting themselves in this manner with impunity. Your Committee urges the Controlling Officer to take disciplinary action against the officers involved to avoid the recurrence of these irregularities. Your Committee resolves to await a progress report on the matter.

## **j) Imprest Management**

### **i) Unretired Accountable Imprest - K151,736**

The Controlling Officer submitted that it was regrettable that imprest in amounts totaling K151,736 issued to twenty eight officers during the period under review had not been retired. He reported that recoveries had since been effected from the officers' salaries effective October, 2016 and to this effect an amount of K145,736.00 had since been fed for recoveries from officers' salaries while an amount of K6,000 would be recovered from the leave terminal benefits of the officer who had been retired from the service.

The Controlling Officer admitted the mistake of issuing accountable imprest to non accounting officers contrary to financial regulations. This had led to the failure by officers retiring the imprest accordingly. The service had since been directed to enforce the regulations in relation to imprest payments to accounting officers where need arose to avoid recurrence of the similar irregularities.

### **Committee's Observations and Recommendations**

While noting the recovery of the unretired accountable imprest, your Committee is disappointed that the Ministry only took action after being queried. Your Committee recommends that disciplinary action be instituted against the erring officers in accordance with Financial Regulations so as to avoid the recurrence of the query. All relevant documents should be submitted to the Auditor General for verification. Your Committee resolves to await a progress report on the matter.

**ii) Irregular Payment of Subsistence Allowances – North Western Region  
(K9,100)**

The Controlling Officer regretted that contrary to Terms and Conditions of Service No. 154, a total of K9,100 comprising of K1,400 and K7,700 was irregularly paid on cheque numbers 35349 dated 13/01/2015 and 22537 dated 17/02/2015 respectively. He explained that inputs to recover the funds from the concerned Officer's monthly pay had since been instituted.

**Committee's Observations and Recommendations**

While noting the recovery of the subsistence allowance from the officer, your Committee is disappointed that the Ministry only took action after being queried. In addition, your Committee urges the Controlling Officer to institute disciplinary action against the erring officer for this irregularity to avoid recurrence on such irregularities. All documents should be presented to the Auditor General for verification. Your Committee resolves to await a progress report on the matter

**iii) Failure to Produce Activity Reports-K73,098**

The Controlling Officer submitted that out of the K73,098 imprest in question, K52,898.40 was paid to drivers who had accompanied officers to Lusaka for meetings concerning the exchange of prisoners between the Republic of Angola and Zambia. It was, therefore, regrettable that the responsible officers did not produce activity reports for the meetings as required. Although the recoveries from the officers' salaries were instituted, these had since been halted as it had been established that minutes for the said meetings were available.

In the case of Northwestern Province, cheque No. 226935 dated 13<sup>th</sup> November, 2015 amounting to K2,400 was actually an allowance to enable the officer to report to his new station in Choma. This was an entitlement as it was subsistence allowance paid out to an officer on transfer. The transfer letter, arrival advice for the officer from Northwestern Province and the report for the officer under Lusaka Prisons were available for audit verification. The balance of K12,856 would be recovered from the affected officers.

### **Committee's Observations and Recommendations**

Your Committee expresses regret that the activity reports were only produced after the Ministry was queried. In this regard, your Committee urges the Controlling Officer to institute disciplinary action against the erring officers to avert recurrence of similar irregularities and ensure that all activity reports are prepared in good time upon completion of assignments forthwith. Your Committee resolves to await a progress report on the matter.

**iv) Irregular use of Accountable Imprest - K21,850**

The Controlling Officer submitted that the use of cash was due to the fact that the vaccine that was required for urgent administration to the inmates due to an outbreak of hepatitis B and could only be sourced from different suppliers in smaller quantities as the vaccine was not stocked in large quantities by most pharmacies and, therefore, it was bought from various pharmacies. Therefore, the Commissioner General considering the urgency of the situation, was compelled to allow the use of imprest to buy the vaccine.

With regard to the imprests of K4,100 from Western Province, it was stated that these were allowances paid out to officers travelling on duty; however they were wrongly captured under goods and services and, therefore, mistaken for accountable imprest.

**Committee's Observations and Recommendations**

Your Committee is dismayed at the fact that payments to suppliers were done in total disregard of laid down procedure. It is inconceivable that officers can be given imprest to make payments directly to suppliers on the open market. This not only shows weak supervision on the part of the Controlling Officer but could result in loss of public funds as goods may have been procured at uncompetitive prices. Your Committee urges the Controlling Officer to immediately curb the practice of issuing imprest to officers when making payments to suppliers but ensure that payments are

made directly to suppliers. Your Committee resolves to close the matter subject to audit verification.

**k) Committing Government to debt- K8,976,829.00**

The Controlling Officer submitted that the amounts had accrued over the years and the region had not been able to service the bills due to inadequate monthly allocation for utilities. During the year under review, an amount of K131,398 was allocated towards utility bills. Several appeals had been made to the treasury to have these bills paid centrally from the allocation held by the Accountant General under the dismantling of arrears but this had not been done. These debts were therefore, not as a result of negligence on the part of the department.

In addition, the other debt amounting to K109,018.73 consisted of, among others, unpaid amounts to TEVETA for inmates' trade test, Zampost for postal services, ZRA for unpaid taxes from officers' being paid partial payments and CFAO for service and repairs of motor vehicles. However, the debts had been incurred because of inadequate budgetary allocations during the period under review.

**Committee's Observations and Recommendations**

Your Committee is shocked to learn that the Ministry has allowed such a huge debt to accumulate. While noting that the releases from the Treasury have been low, your Committee is of the view that the Ministry should have devised a payment plan with the available resources in order to limit the

accumulation of the arrears. Your Committee strongly urges the Controlling Officer to ensure that debt servicing is prioritised whenever the institution receives funding. Your Committee resolves to await a progress report on the matter.

**l) Procurement Management – (Food Rations)**

The Controlling Officer submitted that Northwestern Province, in collaboration with the office of the Permanent Secretary, from May, 2009 added another control for the food rations to first be verified by the Regional Stores Officer, Provincial Internal Auditor and Environmental Health Inspectors, hence the assertion by the auditors that food was delivered to headquarters instead of the intended stations. This was done to curb cheating on the quality and quantity of food being delivered to the stations.

He explained that since this additional control was implemented, less complaints had been recorded by the stations. However, he regretted that this misunderstanding could have been avoided had the officers clarified with auditors on this additional procedure.

**Committee’s Observations and Recommendations**

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

**MINISTRY OF FOREIGN AFFAIRS**

## **AUDIT QUERY**

## **PARAGRAPH 23**

PROGRAMMES : Various

ACTIVITIES : Various

### **Accounting and other Irregularities**

23. An examination of accounting and other records maintained at selected State Prisons carried out in July 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### **a) Failure to Redeploy Recalled Diplomats**

The Controlling Officer submitted that the two diplomats who were recalled were still on the Ministry payroll awaiting further guidance from Public Service Management Division (PSMD). He explained that the Ministry did not have the mandate to deploy officers except to refer the cases to PSMD. However, in an effort to resolve the matter, the Ministry had written to retire one of the twos in national interest as she would reach fifty five years in January, 2017 and had since applied for retirement. Similarly, regarding the other officer, retirement in national interest was recommended but the request was not granted by the Public Service Commission and the PSMD was requested to find a position where the officer could be deployed.

### **Committee's Observations and Recommendations**



Your Committee notes with concern that the Ministry only took action on the matter long after the recommendation by your previous Committee. Your Committee notes that it is counter-productive for the Government to spend in excess of K320,208 on the officers who are not rendering any service. Your Committee urges the Controlling Officer to ensure that the PSMD is engaged in order to have a systematic way of re-calling diplomats to avoid the wastage of public funds in this manner. Your Committee resolves to close the matter subject to audit verification.

**MINISTRY OF FOREIGN AFFAIRS - MISSIONS ABROAD:  
WASHINGTON**

**AUDIT QUERY**

**PARAGRAPH 24**

PROGRAMMES : Various

ACTIVITIES : Various

**Accounting and other Irregularities**

24. An examination of accounting and other records maintained at the Ministry headquarters and the Mission for the year under review carried out in August 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

**a) Obsolete Stores Items and Aged Motor Vehicles**

The Controlling Officer submitted that a request for boarding of obsolete stores and motor vehicles was made and had since written Ministry of Finance for Authority.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that the Ministry has not followed up the matter with the Ministry of Finance. Your Committee finds it unacceptable that no response has been given for almost a year from the time the letter was written. Your Committee urges the Controlling Officer to follow up the matter without any further delay. Your Committee resolves to await a progress report on the matter.

#### **b) Irregular Payment of Education Allowance - K 101,240.61 (US\$ 10,886.92)**

The Controlling Officer submitted that the Ministry had cautioned the Mission against non-adherence to the Foreign Service Regulations and had further advised the Mission Accountant to institute deductions of US\$ 2,137.48 from the First Secretary (Press) and US\$ 8,749.44 from the Minister Counsellor. The said amount had since been recovered from the First Secretary (Press). As for the Minister Counsellor, recovery would be effected at Ministry headquarters from the October, 2016 Foreign Service Allowances.

### **Committee's Observations and Recommendations**

Your Committee expresses disappointment at this occurrence as the irregular payment was avoidable if the responsible officers followed the clearly defined guidelines in the Foreign Service Regulations and Conditions of Service. In addition, while appreciating that recoveries have been instituted, your Committee is further disappointed that no disciplinary action has been taken against the erring officers. Your Committee urges the Controlling Officer to mete out disciplinary action against officers involved in order to avoid the recurrence of similar irregularities. Your Committee resolves to await a progress report on full recovery of the funds and the disciplinary action taken.

**c) Irregular Insurance of personal effects**

The Controlling Officer submitted that the Ministry had requested the Mission to clarify the issue of premiums payable on each property from the insurance company. He submitted that no personal effects were covered under the insurance policy. The house contents, boiler, machinery and equipment mentioned in the query all belonged to the Government of the Republic of Zambia and not to individual diplomatic staff.

**Committee's Observations and Recommendations**

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

**d) Rehabilitations of the Properties**

**i) The Residence**

The Controlling Officer submitted that despite the financial challenges, the Ministry of Works and Supply approved the Tenth Interim Certificate amounting to US\$178,881.85 towards the rehabilitation of the Residence. This left the Ministry with only one outstanding certificate.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that in future, contracts must only be entered into upon the Ministry receiving amounts in full in order to avoid such complications. Your Committee resolves to await a progress report on the approval of the last outstanding certificate.

**ii) Chancery**

The Controlling Officer submitted that the rehabilitation would be undertaken once mortgage financing is implemented.

**Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to expedite the full implementation of the proposed mortgage financing which seems to be the only plausible solution to this problem. Your Committee resolves to await a progress report on the matter.

**iii) House -5208 Linnean Avenue**

The Controlling Officer submitted that it had so far paid ninety five percent of the total cost and the five percent had remained as a retention. It would be paid once funds were made available.

**Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to ensure the balance of five percent is paid once the Ministry is funded. Your Committee resolves to await a progress report on the matter.

**MINISTRY OF FOREIGN AFFAIRS - MISSION ABROAD LONDON**

**AUDIT QUERY**

**PARAGRAPH 25**

PROGRAMMES : Various

ACTIVITIES : Various

**Accounting and other Irregularities**

25. An examination of the accounting and other records maintained at the Ministry headquarters and the Mission carried out in August, 2016 revealed several weaknesses to which the Controlling Officer responded as set out below.

**a) Revenue**

**i) Unaccounted for Revenue- K 19,531 (1,563 Pounds)**

The Controlling Officer submitted that out of the total amount of **£1,563** unaccounted for, **£567.00** was accounted for, leaving a balance of **£996.00**. The **£567.00** accounted for was as explained below:-

- **Revenues collected on 29/04/2015 totalling 1,405.00**

The Controlling Officer submitted that the total cardnet (vending machines) collections were £235.00, cash and postal orders amounted £1,170.00 which were deposited on deposit slip number 501010.

- **Revenue collections on 1/08/2015 totalling to £1,200.00**

The Controlling Officer submitted that the total amount collected on this day was £810 as per General Revenue cash book number 0196560 and not £1,200.00. This amount was made up of cardnet receipts amounting to £95.00, cash and postal orders amounting to £715.00 deposited on deposit slip number 500013.

- **Revenue collections on 29/09/2015 totalling £715**

The Controlling Officer submitted that the £135.00 was for cardnet payments which were usually processed directly by the bank. The bank had been contacted to explain why the card payments were not processed. An email with the card receipt had been sent to the bank as per their advice.

- **Revenue collections on 18/12/2015 totalling£450.00**

The Controlling Officer stated that the collection of £450.00 was made up of cardnet receipts of £435.00 and £15 was deposited directly into the bank by a client referenced ash ford on the bank statement.

### **Committee's Observations and Recommendations**

Your Committee expresses regret that the reconciliations were not availed to the auditors during the audit process, which demonstrates that there is poor record keeping at the mission. Your Committee urges the Controlling Officer to take disciplinary action against the officers who were responsible for this failure to account for revenue to avoid the recurrence of the query. Your Committee resolves to await a progress report on the matter.

#### **ii) Delayed Banking – K532,938 (42, 635 Pounds)**

The Controlling Officer submitted that the Ministry had put measures in place to avoid future delays. The following were the measures in place.

- applicants were required to deposit cash at the bank and just present a deposit slip at the Mission for issuance of receipt;
- postal orders were deposited on the same day of receipt or the next day at most; and

- the Mission had a swipe machine, therefore, clients swiped and were issued a receipt thereafter.

### **Committee's Observations and Recommendations**

While noting the measures put in place by the Ministry in addressing the issue of delayed banking, your Committee expresses concern that no disciplinary action has been instituted to the erring officers. Your Committee urges the Controlling Officer to mete out disciplinary action against the officers involved in delayed banking. Furthermore, the newly developed measures must be implemented in all Missions in order to avoid the recurrence of the query. Your Committee resolves to await a progress report on the matter

#### **iii) Irregular Transfer of Revenue - K652,888 (52,231 Pounds)**

The Controlling Officer clarified that the amount transferred from the Revenue Account was in fact **£37,231.41** and not **£52,231.00** as indicated in the query. The **£15,000.00** difference was a transfer from the Health Account and not the Revenue. The funds would be returned once funds were sourced.

### **Committee's Observations and Recommendations**



Your Committee expresses concern that authority was not sought to transfer the said funds which is at variance with the Financial Regulations and laid down procedure. This conduct by the officers reveals that there is weak supervision at the Mission which allows officers ignore regulations with impunity. Your Committee urges the Controlling Officer to ensure the funds are returned without any further delay. In addition, disciplinary action should be taken against erring officers in order to avoid the recurrence of this matter. Your Committee resolves to await a progress report on the full recovery of the funds and the disciplinary action.

**iv) Irregular Transfer of Funds into a Personal Account- K25,000 (2,000 Pounds)**

The Controlling Officer submitted that the Mission reported that the former Accountant was cautioned and had since paid back the whole amount he transferred subsequent to which he was recalled.

**Committee's Observations and Recommendations**

Your Committee notes that the funds in question have been fully recovered and disciplinary action has been taken against the erring officer. However, your Committee expresses concern that the Ministry has not put in place measures to avoid the recurrence of the query. Your Committee resolves to await a progress report on the matter.

**b) Expenditure**

**i) Missing payment vouchers- K218,902 (20,277.76 Pounds)**

The Controlling Officer submitted that the Ministry was pleased to report that with the replacement of the Accountant, all payment vouchers were now being properly filed in labelled box files and that every effort would be made to ensure that there were no missing payment vouchers in the future.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to submit the payment vouchers in question for verification. Your Committee resolves to await a progress report on the matter.

**ii) Unsupported Payment Vouchers - K1,987,193 (160,555.17 Pounds)**

The Controlling Officer submitted as follows:-

- Payment Vouchers, for Insurance, Rentals, and Security Services

<b>Date</b>	<b>Payee</b>	<b>Voucher No.</b>	<b>Amount</b>	<b>Purpose</b>
31.03.2015	S M Lewis	VR No 18	£400	Security Services
31.03.2015	S M Lewis	VR No 41	£400	Security

				Services
31.05.2015	S M Lewis	VR No 65	£400	Security Services
30.06.2015	S M Lewis	VR No 75	£400	Security Services
31.07.2015	S M Lewis	VR No 60	£400	Security Services
30.08.2015	S M Lewis	VR No 36	£400	Security Services
30.09.2016	S M Lewis	VR No 60	£400	Security Services
31.05.2015	MR M Reich	VR No 66	£3000	Rent
31.07.2015	MR M Reich	VR No 27	£3000	Rent
31.07.2015	MR M Reich	VR No 61	£3000	Rent
30.06.2015	Stark Joseph	VR No 26	£2816.66	Rent
31.07.2016	Royal Sun Alliance	VR No 56	£1676.14	insurance
30.06.2016	Royal Sun Alliance	VR No 62	£1676.14	insurance
30.09.2016	Royal Sun Alliance	VR No 55	£1236.06	insurance
30.06.2016	Rahimzadeh	VR No 74	£3250.00	Rent
31.07.2016	Rahimzadeh	VR No 58	£3250.00	Rent
31.07.2015	Winkworth	VR No 57	£3250.00	Rent

The Controlling Officer submitted that the above listed payments were made by standing orders or direct debits. This was as per agreement with the landlords and service providers of insurance and security services. The payment vouchers were, however, supported by the tenancy agreements for rentals, insurance policy for insurance, and the contract for the security services which stipulated the transaction. This was the practice in most western countries.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that full information is provided to the auditors during the audit process to avoid such queries. Your Committee nevertheless, resolves to close the matter subject to audit verification.

**iii) Overpayment of Foreign Service Allowance - K35,831 (2,755.48 Pounds)**

The Controlling Officer submitted that the over payment of allowances noted by the auditors in some case were not actually over payments. Out of the total £2,895.34 reported as overpaid only £1,615.24 was overpaid. The £2,895.34 was reported as overpaid because of the advance recoveries which were not subjected to exchange conversion every month. The advances were paid in Sterling Pound and they were not reconverted during recovery, the amounts were fixed in Sterling Pound. The allowances were recalculated as per attached pay sheets and the overpayment revealed was £1,615.24 as could be seen in the schedule below:

<b>Name</b>	<b>Date</b>	<b>Voucher</b>	<b>Paid</b>	<b>Recalculated pay</b>	<b>Overpaid AMT</b>	<b>remarks</b>
H.E Chikonde	08/09/2015	45	6631.83	6631.83	Nil	
H.E Chikonde	12.10/2015	25	6625.24	6625.24	Nil	
H.E Chikonde	09/11/2015	16	6610.07	6610.07	Nil	
H.E	02.12.2015	09	6728.92	6728.92	Nil	

Chikonde						
H.E. Lumbi	07.07.2015	85	5891.74	5784.05	107.69	Recovered from HQ
Patricia Sikaala	12.10.2015	009175	5043.59	5043.59	nil	
Patricia Sikaala	09.11.2015	009192	5028.66	5028.67	nil	
Patricia Sikaala	02.12.2015	009207	5016.31	5016.33	nil	
Millica Mutale	31.07.2016	83	3983.93	3983.42	0.51	Recovered
Millica Mutale	07.07.2016	84	6133.93	6030.58	103.35	Recovered
Millica Mutale	06.02.2016	04	3252.22	3036.85	215.37	Recovered
Alice Shanshime	08.09.2015	49	6179.73	5523.99	655.74	Recovered
Alice Shanshime	07.07.2015	90	6618.46	6212.01	106.45	Recovered
Alice Shanshime	02.12.2015	13	5862.98	5862.98	nil	
Alice Shanshime	17.03.2016	57	6666.33	6519.32	147.01	Recovered
IkayiMushinge	05.01.2016	65	5099.35	4959.49	139.86	Lusaka to recover
Beatrice Mukuka	17.03.2015	58	6224.46	6087.20	137.26	Recovered
Beatrice Mukuka	02.06.2015	48	4899.65	4899.66	nil	
Beatrice Mukuka	07.07.2015	91	5899.65	5899.66	nil	
Beatrice Mukuka	05.01.2015	63	4892.09	4892.09	Nil	
Beatrice Mukuka	02.12.2015	14	4974.56	4974.55	Nil	
Beatrice Mukuka	09.11.2015	21	4886.78	4886.78	Nil	

Beatrice Mukuka	12.10.2015	28	4897.98	4897.98	nil	
Dick Chibuye	08.09.2015	47	5091.81	5089.81	2.00	Lusaka to recover
Donald Pelekamoyo	08.07.2015	009878	4214.76	4214.75	0.01	
Donald Pelekamoyo	12.10.2015	009173	4276.63	4276.63	nil	
Donald Pelekamoyo	09.11.2015	009192	4199.31	4199.31	nil	
Donald Pelekamoyo	02.12.2015	009211	4350.02	4350.20	0.18	
Donald Pelekamoyo	05.08.2015	08954	4310.27	4310.26	0.01	
Lipalile Liboma	12.10.15	09176	3780.17	3780.16	0.01	
Lipalile Liboma	09.11.2015	009195	3768.88	3768.88	nil	
Lipalile Liboma	02.12.2015	009209	4002.71	4002.71	nil	
				Total	<b>£1,615.24</b>	

It was, therefore, reported that after the recalculations the overpaid allowances were recovered from the respective officers from their July Foreign Service allowances.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that the Ministry did not avail this information to the auditors at the time of audit. This clearly shows that there is poor record keeping at the mission and there is no cooperation with the auditors, contrary to the financial regulations. The Controlling

Officer is urged to ensure that Missions are closely supervised and monitored in order to avoid the recurrence of similar irregularities. Your Committee directs that all relevant documents be submitted for audit verification, subject to which the matter should close.

**iv) Unretired accountable imprest- K3,537 (300 Pounds)**

The Controlling Officer submitted that the amount would be recovered through a casualty form since the Officer had been recalled for his misconduct.

**Committee's Observations and Recommendations**

Your Committee is pleased to note that the erring officer had since been recalled. However, your Committee is concerned that the Ministry only took action a year after the misconduct. The Controlling Officer is urged to tighten controls on issues of this nature and intervene in a timely manner in terms of disciplinary action where necessary. Your Committee emphasises that the casualty form be processed without undue delay and resolves to await a progress report on the full recovery of the funds involved.

**v) Unaccounted for funds- K28,105 (2,338.40 Pounds)]**

The Controlling Officer submitted that the former First Secretary (Accounts) made two deposits of £1,000.00 and £510.00 on 2<sup>nd</sup>

February, 2016 and 5<sup>th</sup> February, 2016 respectively in respect of the £2,338.40 leaving a balance of £828.40 unaccounted for. The balance would, therefore, be recovered through a casualty form since the Officer had been recalled for his misconduct.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that two payments were made to the officer in question despite having officers who check the payroll before processing. This situation validates your Committee's view that the supervisor is either not discharging duties as expected or has been a collaborator in this irregularity. Your Committee urges the Controlling Officer to closely monitor the Mission in order to avoid the recurrence of the query. Your Committee calls for disciplinary action against the supervising officer and resolves to await a progress report on the full recovery of the funds involved.

#### **vi) Overpayment of Rentals- K8,340 (970.73 Pounds)**

The Controlling Officer submitted that the funds would be recovered on payment of the officer's gratuity since the officer had been recalled for his misconduct.

### **Committee's Observations and Recommendations**



Your Committee is pleased to note that the erring officer had since been recalled. However, your Committee is concerned that the Ministry only took action a year after the misconduct. The Controlling Officer is urged to tighten controls on issues of this nature and intervene in a timely manner in terms of disciplinary action where necessary. Your Committee emphasises that the casualty form be processed without undue delay and resolves to await a progress report on the full recovery of the funds involved.

## **vii) Property Management**

- **Residence**

The Controlling Officer submitted that the leakage had since been repaired. Furthermore, with regard to the boiler (cooling and heating system) the accumulation of heat in the boiler room was caused by the solid door, which once closed did not allow any heat to escape. The Mission had since fitted a ventilated door to the boiler room.

### **Committee's Observations and Recommendations**

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

- **Chancery**

The Controlling Officer submitted that the Mission had not received funds for rehabilitation of the properties. Once funds were received, the rehabilitation works would be undertaken.

### **Committee's Observations and Recommendations**

Your Committee notes with concern that the Ministry has not attended to the renovations of the Chancery despite your previous Committee making recommendations to that office. Your Committee urges the Controlling Officer to prioritise this activity in the 2017 budget. Your Committee resolves to await a progress report on the matter.

## **MINISTRY OF FOREIGN AFFAIRS - MISSION ABROAD-BEIJING**

### **AUDIT QUERY**

### **PARAGRAPH 26**

PROGRAMMES : Various

ACTIVITIES : Various

### **Accounting and other Irregularities**

26. An examination of accounting and other records maintained at the Ministry headquarters and at the Mission for the year under review, carried out from 25<sup>th</sup> to 31<sup>st</sup> July, revealed various weaknesses, to which the Controlling Officer responded as set out below.

**a) Stores without Receipt and Disposal Details - K41,325.00**

The Controlling Officer submitted that the documents were currently available for verification and the Mission had been advised to improve its record keeping.

**Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the documents were not availed to the auditors during the audit process. Your Committee urges the Controlling Officer to institute disciplinary action against the officers who were responsible for failure to keep records in good order. Your Committee directs that all relevant documents be submitted for audit verification and that a progress report be submitted to your Committee on this matter.

**b) Unauthorised Procurement of Carpet - K52,738.00**

The Controlling Officer submitted that the Head of Mission had since been charged accordingly and funds would be recovered from the November, 2016 payroll.

**Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the documents were not availed to the auditors during the audit process. Your Committee urges the

Controlling Officer to recover the funds as indicated and submit a progress report on the matter.

**c) Failure to Mark Assets with GRZ Serial Numbers**

The Controlling Officer submitted that due to the lack of funds to undertake visits to the Missions to mark Government properties, the Ministry wrote to the Ministry of Works and Supply to seek authority for Missions to be granted delegated authority to mark assets with the GRZ mark but this request had not been granted. The Ministry had further written to the Secretary to the Cabinet to appeal the matter so that the Mission could be authorised to inscribe given the band of numbers locally, with returns submitted to Headquarters.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the failure to mark assets is not only at variance with Public Stores Regulation No. 154 but also has potential to result in loss and/or theft of assets without any trace whatsoever. Your Committee urges the Controlling Officer to ensure that all assets at the mission are marked without any further delay. Your Committee resolves to await a progress report on the matter.

**d) Failure to Dispose of Motor Vehicles**

The Controlling Officer submitted that the Mission requested for the Board of Survey to dispose of the said vehicles. The Ministry had since written to Ministry of Finance to seek authority.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to follow up on the matter with the Ministry of Finance. In addition, the Controlling Officer is urged to ensure that a comprehensive assessment is done in all Missions in order to establish the total number of assets that have become obsolete and have them boarded so as to avoid similar queries in other Missions. Your Committee resolves to await a progress report on the matter.

#### **e) Increment of commuted Overtime without Approval - K19,551.00**

The Controlling Officer submitted that he had instructed the Mission Accountant to recover from the Head of Mission what was paid.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the matter was only acted upon after the Ministry was queried. Furthermore, the Controlling Officer has only instituted recoveries without any disciplinary action being taken against the Head of Mission. Your Committee urges the Controlling Officer to strengthen supervisory mechanisms over the Mission. Your Committee resolves to await a progress report on the matter.

## MINISTRY OF FOREIGN AFFAIRS-MISSION ABROAD - STOCKHOLM

### AUDIT QUERY

### PARAGRAPH 27

PROGRAMMES : Various

ACTIVITIES : Various

### Accounting and other Irregularities

27. An examination of financial and other records, inspections of inventory and interviews carried out with staff at the Ministry headquarters and the Stockholm Mission in July 2016, revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### a) Mission Performance

The Controlling Officer submitted that as observed by the auditors, the flow of funds was erratic.

#### Committee's Observations and Recommendations

Your Committee is disappointed that the Mission did not undertake its planned activities due to erratic funding. Your Committee urges the Controlling Officer to ensure that the activities are prioritised in the 2017 budget. Your Committee resolves to await a progress report on the matter.

#### b) Failure to Dispose of a Boarded Vehicle and Obsolete Assets

The Controlling Officer submitted that he had written to the Ministry of Finance to constitute a Board of Survey to board the obsolete items. Therefore, the motor vehicle would be disposed of once boarded.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the assets which have become obsolete have not been disposed of for a long time. The Controlling Officer is urged to ensure that a comprehensive assessment is done in all Missions in order to identify all obsolete assets so as to have them boarded and disposed of. This way the Ministry will avoid similar queries in other Missions. Your Committee resolves to await a progress report on the matter.

#### **c) The Residence**

##### **i) Engagement of a Consultant**

The Controlling Officer submitted that no funds were released for the rehabilitation as noted by the auditors. He further submitted that it was envisaged that rehabilitation would be undertaken using mortgage financing.

### **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to expedite the full implementation of the proposed mortgage financing

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

**ii) Payment of Heating and Lighting Bills for a vacated house – K54, 051.00**

The Controlling Officer submitted that the weather conditions in Sweden did not allow for turning off of heating systems even when a house was vacated. The heating system was maintained to restore the integrity of the structure which could otherwise be damaged due to freezing of water in the pipes causing them to burst and leak when temperatures eventually rose.

**Committee's Observations and Recommendations**

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

**iii) Defects at the Residence**

The Controlling Officer submitted that it was envisaged that rehabilitation would be undertaken using mortgage financing.

**Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to expedite the full implementation of the proposed mortgage financing



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

## **MINISTRY OF FOREIGN AFFAIRS - MISSION ABROAD-PARIS**

### **AUDIT QUERY**

### **PARAGRAPH 28**

PROGRAMMES : Various

ACTIVITIES : Various

### **Accounting and other Irregularities**

28. An examination of the accounting and other records maintained at the Ministry headquarters and the Mission carried out in August, 2016 revealed several weaknesses, to which the Controlling Officer responded as set out below.

**a) Overpayment of Foreign Service Allowances – K480,164 (US\$ 78,307.48)**

The Controlling Officer submitted that for those who were still at the Mission, two Officers had paid back in full and recoveries had continued for others while for those who had been transferred to other Missions, letters had already been sent to start recoveries.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the issue of overpayment of Foreign Service Allowances is becoming a permanent feature in the Ministry despite clear guidelines under Foreign Service Regulation No. 38 (i and ii). This anomaly points to the fact that there are weak internal controls in the Ministry. Your Committee urges the Controlling Officer to institute disciplinary action against the officers involved for negligence of duty in order to avoid the recurrence of the query. Your Committee resolves to await a progress report on the full recovery of the funds.

#### **b) Overpayment of Rentals for Officers – K3,783**

The Controlling Officer submitted that these were in fact not overpayments on rentals but service charges that had accrued over a period of time which the landlord had not effected. The property was occupied by two successive officers without the landlord bringing the bills to their attention. The bill was later aggregated and slapped on the sitting tenant who had no choice but to settle the amount in full. Upon realising this, the Ministry had since started recoveries of the service charges from the concerned officers.

### **Committee's Observations and Recommendations**

While noting the current status on the matter, your Committee expresses concern that the matter was only addressed after the audit process. This highlights the fact that the Controlling Officer is not closely monitoring missions, resulting in abuse by some officers. In addition, it is worrying that the Ministry only instituted deductions without taking any disciplinary measures against the officer. Your Committee urges the Controlling Officer to ensure that the officers who were involved are charged with negligence of duty in order to avoid recurrence of the query. Your Committee resolves to await a progress report on the full recovery of the funds.

**c) Failure to Dispose of Boarded Items – K18,334**

The Controlling Officer submitted that the Mission undertook an auction sale which was widely publicised to the public and the diplomatic community. However, it was non responsive, mainly due to the age and state of the boarded items. The Ministry had since written to Ministry of Finance for authority to dispose of the boarded items.

**Committee's Observations and Recommendations**

Your Committee notes the response and urges the controlling officer to follow up on the matter with the Ministry of Finance. Your Committee resolves to await a progress report on the full recovery of the funds.

**d) Irregular Payment of Works at a rented House – First Secretary – Economic and Trade - K52,176.51 (4,691.50 Pounds)**

The Controlling Officer submitted that the case in point at the Mission was merely seeking guidance from the Ministry headquarters on how to proceed to undertake renovations on a rented house as the works were within its threshold. The Ministry provided the go ahead and the Mission proceeded to engage a contractor to repair the rented house on the 27<sup>th</sup> September, 2013. This was not tender authority but merely guidance on how to proceed. Furthermore, the Mission could not immediately engage the contractor as there were no funds available at that time. However, on November 8, 2015, the Mission procured the services of RO Solution to carry out rehabilitation works on the property at a cost of 4,000.00 Euros. The amount in question was within the threshold of the Mission Sub Tender Committee and as such, the Committee sat and approved the works prior to the awarding of the contract to RO Solution.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that the explanation by Controlling Officer is testament to the fact that Statutory Instrument No. 63 of 2011 has not been understood by the Ministry. This has potential to result in similar queries in future. The spirit of the statutory instrument is that the validity period for an approval must be within six months. If the period expires, authority must be sought to re-tender the contract. In this case, the Controlling Officer misled the Mission. Your Committee cautions the Controlling Officer to consult widely on the legal ramifications to avoid

misleading the Mission in discharging its mandate. Your Committee resolves to close the matter but urges the Controlling Officer to desist from this action.

**e) Property Management-Irregular Engagement of a Contractor- The Residence**

The Controlling Officer submitted that the Mission Housing Committee undertook a physical inspection of the property for works carried out by CIMIA in accordance with the scope of works outlined in the contract.

- **Failure to enter into a contract**

The Controlling Officer submitted that the contract and other supporting documents from the Ministry headquarters were presented to the auditors. In this regard, the signed contract by the Embassy of the Republic of Zambia in Paris and CIMIA was available for verification.

- **Questionable Payments**

The Controlling Officer submitted that the said payments were made on the basis of the contract that was signed between the Embassy and the Contractor.

- **Physical Status**

**o Boiler Room**

The Controlling Officer submitted that the boiler room had since been worked on. The delay was due to too much moisture in the walls, which made it difficult to scrap and paint the walls.

**o Second Floor**

The Controlling Officer submitted that the understanding was that it was difficult to replace the tap because the taps available on the market were not compatible with the old plumbing system at the Residence. The funds for the taps would be deducted from the 10% of retention of funds.

**o Façade**

On the facade, the Controlling Officer submitted that the rain gutters were cleaned. However, due to the passage of time and changes in weather, the gutters were filled with leaves dropping from the trees.

**o Dining Room**

The Controlling Officer submitted that the dining room did not actually have any leakages.

**o Kitchen**

The Controlling Officer submitted that the leakage in the kitchen was due to the pipe which burst on the first floor. It had since been repaired

and the contractor had been summoned to go back on site to repaint the wall in the corner of the kitchen.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the findings by the auditors on the purported renovations points to the fact that the works were not done in a satisfactory manner. This validates that value for the funds was not realised in this case. Additionally, the payment of ninety-one percent towards the contract sum without certification by the Ministry of Works and Supply is a source of worry by your Committee. The Controlling Officer is urged to follow laid down procedures before making payments to contractors. Your Committee resolves to close the matter subject to audit verification.

## **MINISTRY OF FOREIGN AFFAIRS - MISSION ABROAD HARARE**

### **AUDIT QUERY**

### **PARAGRAPH 29**

PROGRAMMES : Various

ACTIVITIES : Various

### **Accounting and other Irregularities**

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

**a) Uncollected Rental Arrears from Leased Properties - K624,415.00 (US\$98,364)**

The Controlling Officer submitted that the mission would continue to pursue the collection of unpaid rentals through the legal practitioner who had already been engaged.

**Committee's Observations and Recommendations**

Your Committee finds the laxity by the Ministry in collecting rental arrears shocking. It is disheartening that while the Ministry is struggling to meet various obligations due to limited funds, amounts in excess of K600,000 remain uncollected from leased properties. Your Committee strongly urges the Controlling Officer to set a time frame within which the legal practitioner should collect all funds to avert further delays. Your Committee resolves to await a progress report on the collection of the full outstanding amount.

**b) Property Management**

**i) Properties without title deeds**

The Controlling Officer submitted that the Ministry followed up this matter with the Ministry of Works and Supply. Further, the Ministry was awaiting an update from the legal practitioner who had been engaged to facilitate the acquisition of duplicate Certificates of Title.



## **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to set a time frame within which the legal practitioner engaged for the purpose should address the matter, failure to which, another firm should be engaged. Your Committee notes in this regard that the matter is long overdue and will await a progress report on the matter.

### **ii) 48 Kwame Nkrumah-Chancery**

The Controlling Officer submitted that rehabilitation works would be undertaken through mortgage financing. He further submitted that the Harare Mission had been prioritised for urgent rehabilitation as it presented a possible source of saving revenue for the Ministry.

## **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to expedite the full implementation of the proposed mortgage financing arrangement. Your Committee resolves to await a progress report on the matter.

### **iii) 4 Kevin Road Chisipite-Ambassador's Residence**

The Controlling Officer submitted that rehabilitation works would be undertaken through mortgage financing. He further submitted that the

Harare Mission had been prioritised for urgent rehabilitation as it presented a possible source of saving revenue for the Ministry.

### **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to expedite the full implementation of the proposed mortgage financing arrangement. Your Committee resolves to await a progress report on the matter.

#### **iv) 10 Turnstead, the Grange**

The Controlling Officer submitted that rehabilitation works would be undertaken through mortgage financing. He further submitted that the Harare Mission had been prioritised for urgent rehabilitation as it presented a possible source of saving revenue for the Ministry.

### **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to expedite the full implementation of the proposed mortgage financing arrangement. Your Committee resolves to await a progress report on the matter.

#### **v) 16 Cockington, Mandara**

The Controlling Officer submitted that the rehabilitation works would be undertaken through mortgage financing. He further submitted that the

Harare Mission had been prioritised for urgent rehabilitation as it presented as a possible source of saving revenue for the Ministry.

### **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to expedite the full implementation of the proposed mortgage financing arrangement. Your Committee resolves to await a progress report on the matter.

#### **vi) 5 Cowden**

The Controlling Officer submitted that rehabilitation works would be undertaken through mortgage financing. He further submitted that the Harare Mission had been prioritised for urgent rehabilitation as it presented a possible source of saving revenue for the Ministry.

### **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to expedite the full implementation of the proposed mortgage financing arrangement. Your Committee resolves to await a progress report on the matter.

## **MINISTRY OF FOREIGN AFFAIRS - MISSION ABROAD SEOUL**

### **AUDIT QUERY**

### **PARAGRAPH 30**

PROGRAMMES : Various

ACTIVITIES : Various

### **Accounting and other Irregularities**

30. An examination of accounting and other records maintained at the Ministry headquarters and at the Mission carried out in August 2016, revealed several weaknesses, to which the Controlling Officer responded as set out below.

**a) Failure to Recover Contribution towards Utility Bills-K30, 042.00 (US\$4,026.48)**

The Controlling Officer submitted that the officer had since paid back the amounts in full.

### **Committee's Observations and Recommendations**

Your Committee notes that while the amounts have been paid in full, the root cause of the query has not been addressed. It is clear that the staff at the Mission have little understanding of the Foreign Service Regulations provisions. Your Committee urges the Controlling Officer to institute disciplinary action against the officers involved for abrogating the regulations. Your Committee resolves to await a progress report on the matter.

**b) Failure to Recover Contribution towards Medical bills - K9,406.00**

The Controlling Officer submitted that no diplomat made full medical claims on medical bills. It was explained that the system at the Mission in Seoul (Korea) was such that an officer would pay full medical bills and only be refunded his /her entitlement of 60%, which should be borne by the Government.

In this regard, it was not the Government which made full payment of medical bills, rather, it was the officer who made full payment of medical bills, and, therefore, it was correct that the Government refunded the officer 60% of the total medical bills as was the case. From the audit query, the amounts appearing on payment vouchers were already 60% of the medical claims refunds and not 100% indicated by the auditors.

### **Committee's Observations and Recommendations**

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

#### **c) Unretired Accountable imprest- K333,610 (US\$52,819.62)**

The Controlling Officer submitted as follows:

##### **i) Kim Oisuk - K3,905.00**

This was a payment for goods and services to Kim for providing a snack during the events at the residence in South Korea.

**ii) Balance of Unretired Imprest - K329,705.00**

The Controlling Officer submitted that the documents for the balance stated that the amount of K329,705.00 had been retired and had been submitted for verification.

**Committee's Observations and Recommendations**

Your Committee notes with concern that the issue of unretired imprest at the Mission is taking root, given that this is a newly established mission which must ordinarily have a clean record. Further, it is shocking that only recoveries have been effected but no disciplinary action has been instituted against the erring officers. Your Committee urges the Controlling Officer to ensure that the erring officers are disciplined to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**d) Unapproved Payments - K11,140,487 (US\$ 1,545,366.72)**

The Controlling Officer submitted that it was regrettable that at the time of audit, the payment vouchers were not approved. However, it was reported that the payment vouchers had since been approved as per the Financial Regulations.

## **Committee's Observations and Recommendations**

Your Committee is shocked that seventy-six payment vouchers were processed and payments made without approval. Your Committee is alive to the fact that a payment voucher has provisions for three signatories that is, the one preparing the payment, the one authorising and finally the approval by the Head of Mission in this case. Your Committee finds it unacceptable that the payment was made without the approval from the Head of Mission. This clearly shows that the internal controls have degenerated at the Mission. Your Committee urges the Controlling Officer to ensure internal controls are strengthened at the Mission without any further delay. Your Committee also urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers to avoid the recurrence of the query. Your Committee resolves to await a progress report on the matter.

### **e) Unsupported Payments - K1,663,037 (US\$ 262,058.92)**

The Controlling Officer submitted that the payments were now supported and were available for scrutiny.

## **Committee's Observations and Recommendations**

Your Committee expresses concern at the manner in which the Mission is being run. It is disappointing that a new Mission could have such serious financial mismanagement within a very short period of time. It is clear from the anomalies that the staff at the Mission have little knowledge of the

financial regulations. Your Committee urges the Controlling Officer to immediately make changes to staff at the mission without any further delay. In addition, disciplinary action should be taken against all erring officers. Your Committee will await a progress report on the matter.

**f) Stores without Receipt and Disposal details -K1,110, 912.00 (US\$ 177,392.93)**

The Controlling Officer submitted that the Mission was new at the time and admittedly some systems were not in place. This was coupled with structural limitations. In this regard, the receipt and disposal details for the stores items had since been compiled by the competent personnel.

**Committee's Observations and Recommendations**

Your Committee is of the strong view that since the Mission is new, the Ministry should have appointed experienced staff to put things in order. Your Committee urges the Controlling Officer to immediately make changes to staff at the Mission without any further delay. In addition, disciplinary action should be taken against all erring officers and all documents should be submitted for verification. Your Committee resolves to await a progress report on the mater.



**g) Failure to Mark Assets with GRZ Serial Numbers - K1,439, 954.00 (US\$231,706.48)**

The Controlling Officer submitted that due to the non-availability of funds to undertake visits to the Missions to mark Government properties, the Ministry wrote to the Ministry of Works and Supply to seek authority for Missions to be granted delegated authority to mark Assets with “GRZ Mark” but the request had not been granted. The Ministry had further written to the Secretary to the Cabinet to appeal the matter on the numbering and inscription of assets in the Missions so that the Mission could inscribe given the band of numbers which would allow for the inscription locally and returns submitted to headquarters.

**Committee’s Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to generate a comprehensive programme for all Missions that require GRZ asset marking so that the query does not re-appear under other Missions. Your Committee also urges the Secretary to the Cabinet to urgently consider the appeal by the Ministry so as to resolve the matter as a matter of urgency. Your Committee resolves to await a progress report on the matter.

**h) Payment of Rentals in Excess of Entitlement - K747,420.00 (US\$ 60,000)**

The Controlling Officer submitted that authority was granted to increase the rental threshold for the Mission due to the assessed cost of living in Seoul.

## **Committee's Observations and Recommendations**

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

### **MINISTRY OF JUSTICE**

#### **AUDIT QUERY**

#### **PARAGRAPH 31**

UNITS : Various  
PROGRAMMES : Various  
ACTIVITIES : Various

#### **Accounting and Other Irregularities**

31. An examination of accounting and other records maintained at the Ministry for the financial year ended 31<sup>st</sup> December, 2015, revealed the following, to which the Controlling Officer responded as set out below.

##### **a) Misapplication of Funds - K750,929.40**

Contrary to the Appropriation Act of 2014, amounts totalling K750,929.40 were applied on various activities such as purchase of stationery, procurement of conference facilities and procurement of shoes and outfits, among other activities not related to the purpose for which funds were appropriated.

The Controlling Officer informed your Committee that the funds which were misapplied on the various activities had since been reimbursed and the

payment voucher, bank statement and Electronic Fund Transfer Advice (EFTA) were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds the misapplication of funds in question very unfortunate as it goes against the approval given by Parliament and therefore, approved programmes cannot be undertaken in a given financial year. Your Committee strongly urges the Controlling Officer to desist from such tendencies in future and comply with relevant regulations when processing payments. Your Committee resolves to close the matter subject to audit verification.

#### **b) Delays in Settling Compensation and Awards - K1,324,050,450.00/K51,560,323.00**

The Controlling Officer explained that during the financial year ended 31<sup>st</sup> December, 2015, a provision of K100,000,000.00 was made to cater for Compensation and Awards, against an outstanding amount of K1,324,050,450.00. However, the actual amounts released were K82,715,100.00 resulting in the underfunding of K17,284,900.00, hence the delay in settling Compensation and Awards cases. With regard to the specific cases mentioned above, the Controlling Officer informed your Committee that payments were made according to the age of the claim on the database. Therefore, at the time of audit, old cases were prioritised for payment.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the debt stock on Compensations and Awards has continued to escalate. Your Committee is also concerned at the loss of public funds through interest accumulated as a result of the outstanding debt. Your Committee strongly reiterates its position that the Secretary to the Treasury should prioritise the release of funding to clear the debt and pay for the awards on time to avoid interest on outstanding payments. Your Committee will await a progress report on this matter and urges the auditors to keep it in view for future audits.

**c) Judgements Entered in Default - K1,674,752.00**

The Controlling Officer informed your Committee that judgments were entered in default mainly as a result of three reasons:

**i) Delay in Receiving or Lack of Timely Instructions from Government Departments**

The delay or lack of instructions from Government departments resulted in State Advocates not adequately representing client ministries. This, in turn, resulted in judgments being entered in default or against the State.

However, the Secretary to the Cabinet, on 22<sup>nd</sup> August, 2016, issued Cabinet Circular No. CO/53/12/1 to address, among other things, the failure by public officers to provide instructions to enable the Attorney-

General adequately defend the State. By virtue of that Circular, Government would invoke, against erring officers, the provisions of section 31 (1) (e) and (g) of the Public Finance Act, No. 15 of 2004, which empowered the Government to recover moneys from public officers who, through wilful default or gross negligence, caused the loss of public moneys.

The Circular was available for audit verification.

## **ii) Inadequate State Advocates**

In 2013, Cabinet approved the recruitment of thirty-two State Advocates and the creation of a position of Principal State Advocate in ministries and provinces to improve the coordination and representation of the State in legal matters. The approval, however, was not implemented due to fiscal challenges. The advice given was that the recruitment should be operationalised through the Medium Term Expenditure Framework (MTEF). The Ministry of Justice had, however, continued to engage offices from the Secretary to the Treasury and Secretary to the Cabinet to ensure that the recruitment of more State Advocates, by both client ministries and the Ministry, was given priority, even amidst fiscal challenges.

Your Committee was further informed that a provision had been made in the 2017 budget to recruit thirty-one State Advocates which would tremendously address the problem of judgments entered in default.

Relevant correspondence with the Secretary to the Cabinet and the Secretary to the Treasury were available for audit verification.

**iii) Internal Controls Designed to Eliminate Connivance between State Advocates and Complainants**

The Ministry had designed internal control measures to eliminate connivance between State Advocates and complainants as follows:

- before a consent judgment could be signed, written instructions had to be obtained from the client Ministry confirming that the Ministry, owed monies to the claimant in question;
- once such confirmation was given, the Attorney General's Chambers entered into negotiations with the claimant with a view to reducing the amount claimed;
- once the parties agreed on the amount, an order was drafted by the Attorney General's Chambers, which was then sent to the client Ministry for final confirmation;
- once final confirmation was given by the client Ministry, only the Attorney General or Solicitor General could sign the consent judgment on behalf of the Attorney General's Chambers; and

- if neither the Attorney-General nor the Solicitor-General was available to sign the judgment, the State Advocate dealing with the matter was authorised to sign the judgment.

### **Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer not to relent, but ensure that the information required to effectively defend cases is provided by the respective institutions in order to forestall the loss of colossal sums of public funds due to delays in settling outstanding cases which accumulate interest. At the same time, your Committee calls upon the Secretary to the Cabinet to ensure full implementation of Cabinet Circular No. CO.53/12/1 in order to deter public officers from being negligent. Your Committee recommends that the Auditor General closely monitors the situation as regards judgments in default. In addition, the number of state advocates should be increased without any further delay.

#### **d) Loss of Public Funds through Negligence by Public Workers - K2,606,049**

With regard to the loss of public funds, through the negligence by public officers, the Controlling Officer submitted that Cabinet Circular No. CO 53/12/1 of 2016, also addressed the misconduct by public officials and state agents in the handling of litigation cases against the State. By virtue of the Circular, the Government would invoke the provisions of section 31 (1) (e) and (g) of the Public Finance Act No. 15 of 2004, which empowered the

Government to recover monies from public officers that had, through willful default or gross negligence, caused the loss of public moneys.

In view of the foregoing, the Ministry was in the process of compiling a list of public officers that had caused the loss of public moneys due to negligence and this was being done by analysing payments made from the Compensation and Awards Fund.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that recoveries are effected from the erring officers who caused the Government to incur the loss in order to serve as a deterrent to other officers and avoid the further loss of public funds through gross negligence of a few individuals. Your Committee further implores all Controlling Officers to be proactive and guard against loss of public funds in future by ensuring that all actions taken by themselves or their officers are done in good faith. Your Committee will await a progress report on the matter.

## **MINISTRY OF COMMERCE, TRADE AND INDUSTRY**

### **AUDIT QUERRY**

### **PARAGRAPH 32**

PROGRAMMES : Various

UNITS : Various

ACTIVITIES : Various

### **Accounting and Other Irregularities**



32. An examination of accounting and other records maintained at the Ministry headquarters carried out from May to June, 2016, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

**a) Unsupported Payments - K2,521,646.92**

The Controlling Officer submitted that the documentation for the transactions amounting to K2,351,016.10 were adequately supported and the Office of the Auditor General was requested to verify them following the Draft Audit Report which the Ministry had received dated 20<sup>th</sup> September, 2016. The documentation was availed for audit verification. The Ministry was yet to finalise documentation for the balance of 127,586.42.

However, in order to ensure proper record keeping for all future transactions, the Ministry had put in place measures to better secure documents and an officer had been specifically assigned to take care of record keeping in the accounts section.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail supporting documents to the auditors during the audit process. Your Committee implores the Controlling Officer to ensure that appropriate disciplinary action is taken against the officers responsible for this lapse and urges him to ensure that all supporting documentation is verified by the Auditor General. A progress report will be awaited by your Committee.

**b) Stores without Receipt and Disposal Details - K40,000**

The Controlling Officer informed your Committee that the relevant supporting documents for the various stores items highlighted had since been traced and were available for audit verification. Further, the Ministry had taken measures to improve record keeping in the stores unit to better secure documents and an officer had been specifically assigned with the task of record keeping.

**Committee's Observations and Recommendations**

Your Committee observes that the failure by the Ministry to avail stores records at the time of audit is a gross violation of stores regulations as it is not possible to ascertain if goods were received and if they were distributed to the intended end users. Your Committee, therefore, urges the Controlling Officer to ensure that disciplinary action is taken against the officers responsible for this irregularity. Your Committee, however, resolves to close the matter subject to audit verification.

**MINISTRY OF FINANCE**

**AUDIT QUERY**

**PARAGRAPH 33**

PROGRAMMES : Various

ACTIVITIES : Various

**Accounting and Other Irregularities**

33. An examination of accounting and other records maintained at the Ministry headquarters carried out in August, 2016, revealed several accounting and other irregularities, to which the Controlling Officer responded as set out below.

**a) Failure To Recover Loans And Tuition Advances- K910,000**

The Controlling Officer explained that the P MEC system was designed in such a way that it prioritized recoveries with shorter periods. In view of the foregoing, recoveries for loans and tuition which had 240 and 30 months recovery periods could not be liquidated first in instances where officers had acquired debts from third parties whose recovery periods were less than 30 months.

Going forward, however, a system had been put in place to cross check the indebtedness of the officers with the P MEC, before granting loans. The Controlling Officer informed your Committee that recoveries were currently being effected and the payslips were available for audit scrutiny and verification except for one officer who was granted unpaid leave. Recoveries could not be effected from this officer because she was removed from the payroll. The authority for the unpaid leave was also available for audit scrutiny and verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the recoveries were only effected after the auditors raised the query, a situation that could have resulted in the loss of public funds. Your Committee directs that all the salary advances be

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

**b) Irregular Payment of Overtime - K507,290.00**

The Controlling Officer submitted that payments totaling K507,290.00 were not paid through the payroll in accordance with Cabinet Circular No 11 of 2013. He explained that the attendance registers for claims of overtime were maintained in accordance with Financial Regulation No. 81. The computations were, therefore, based on the register. The Ministry was unable to process these payments through the payroll because the ceiling for other personal emoluments for 2015, could not allow for the inclusion of overtime payments.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Ministry to provide this information to the auditors during the audit. It observes that the failure to avail supporting documents to the auditors during the audit process can be a tool for concealing malpractices by officers at the Ministry and should, therefore, not be entertained as it can result in the loss of Government resources. Your Committee directs the Controlling Officer to institute stern

disciplinary action against the officers who failed to avail this information to the auditors during the audit process and ensure that all relevant documentation is verified forthwith. Your Committee will await a progress report on the matter.

**c) Irregular Engagement of Casual Workers - K41,068.00**

The Controlling Officer submitted that the Ministry believed that it was not irregular to engage casual workers. He explained that this belief was based on Circular No 12 of 2003, part 4 of which states that ‘*authority to recruit Classified Employees rests with the Controlling Officer*’. Part 5 of the same Circular further states that “*where it is possible, institutions are encouraged to outsource the cleaning of government buildings and ensure that these services are catered for under purchase of goods and services in the Recurrent Departmental Charges (RDCs)*”. The categories of the employees hired were, therefore, general workers and groundsman according to the list of employees attached to the Circular.

**Committee’s Observations and Recommendations**

Your Committee once again expresses disappointment that the Controlling Officer appears to be spearheading financial mismanagement and irregularities by purporting to authorise transactions that are beyond his jurisdiction. Your Committee is particularly concerned that despite casualisation being banned by the Government in 2012, the Ministry willfully violated the Government directive. Your Committee further expresses concern

that the wages for the casual workers were not catered for under the RDC's budget for 2015, therefore, affecting planned for budget lines. Further, laid down procedures in the Financial Regulations for variation of funds were not followed. In view of the foregoing, your Committee strongly urges the Secretary to the Treasury to institute stern disciplinary action against the Controlling Officer for exceeding his jurisdiction. Your Committee further recommends that the reimbursement of the funds be done without undue delay and that the funds be applied on the approved and budgeted activities. Your Committee will await a progress report on the matter.

**d) Unretired Accountable Imprest - K88,947.00**

The Controlling Officer submitted that the remedial action when Officers failed to retire imprest was that the Accounting Officers should ensure that deductions were immediately effected. Unfortunately, there was an oversight in initiating the deductions. However, the officer had since been warned for negligence.

The Controlling Officer further reported that one officer had since retired the imprest and the other four officers had their deductions instituted on their respective pay slips. The supporting documentation was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern that it has taken so long for the recoveries to be effected, contrary to the provisions of the Financial Regulations. Your

Committee is particularly disappointed at the failure by the Ministry as custodians of the Financial Regulations to administer imprest as provided for by the Regulations. In this regard, your Committee strongly urges the Controlling Officer to ensure that matters of financial management are taken seriously at the Ministry. He is further urged to be firm on officers who willfully flout the Regulations put in place to safeguard public resources. Your Committee will await a progress report on the full recovery of the outstanding imprest.

**e) Over Payment of Subsistence Allowance - K31,100**

The Controlling Officer explained that in processing payments for the workshop which was held in Chongwe, the Ministry had considered Chongwe to be under Lusaka Province. For this reason, the rate used to pay allowances was higher based on the assumption that Chongwe was under Lusaka Province.

He informed your Committee that the overpaid allowances were being recovered through the payroll. In this vein, at the time of verification, simulated pay slips were availed to the Auditors to show that deductions were effected on the officers' pay slips. These could not be considered because they were not printed on the pay statement paper. The Controlling Officer assured your Committee that he would in future endeavor to pay allowances at the correct rates. The pay slips were available for audit scrutiny and verification.

**Committee's Observations and Recommendations**

Your Committee considers this to be a very serious omission and expresses concern that the officers who processed the payment, failed to spot the anomaly and advise accordingly, an indication of lack of professionalism in the Ministry. Your Committee sternly cautions the Controlling Officer against making unlawful payments as such payments could result in the loss of public funds. The Controlling Officer is further urged to take disciplinary action against the officers who authorised the payments based on assumptions, contrary to the Circular in question. Your Committee will await a progress report on the matter.

**f) Irregular Use of Accountable Imprests - K472,715**

The Controlling Officer explained that the imprest was issued to facilitate the purchase of meals for officers drawn from all Ministries, Provinces and Spending Agencies (MPSA's) to carry out reconciliations on the 2015 Financial Statements.

He informed your Committee that the reconciliations were undertaken at different times during the year. Due to limited funds available, it was prudent to purchase meals for the officers carrying out the reconciliations for the purpose of having officers concentrate on the work and complete the task on time. The amount required to hire the caterer was more than the amount available at the time of carrying out the exercise. Going forward however, such payments had been put under scrutiny and the Controlling Officer assured your Committee that in future, such payments would be under strict scrutiny and would only be issued in exceptional cases.



## **Committee's Observations and Recommendations**

Your Committee reminds the Controlling Officer that funding challenges are not unique to his Ministry and urges him to desist from embracing such irregular practices. Your Committee further urges him to institute disciplinary action against the erring officers for their failure to comply with the financial regulations. Your Committee will await a progress report on the matter.

## **MINISTRY OF COMMUNITY DEVELOPMENT, MOTHER AND CHILD HEALTH**

### **AUDIT QUERY**

### **PARAGRAPH 34**

UNITS : Various  
PROGRAMMES : Various  
ACTIVITIES : Various

### **Accounting and Other Irregularities**

34. An examination of accounting and other records maintained at the Ministry headquarters carried out in June, 2016, revealed several accounting and other irregularities, to which the Controlling Officer responded as set out below.

**a) Inadequately Supported Payments - K68,296**

The Controlling Officer submitted that the missing supporting documents involving a total of seven payments amounting to K68,296 at the time of the audit had since been retrieved and were made available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Ministry was unable to address the query during the audit process and urges the Controlling Officer to ensure that disciplinary action is taken against erring officers for this lapse. Meanwhile, the Controlling Officer is directed to submit all relevant documents to the Auditor General for verification. Your Committee will await a progress report on the matter.

**b) Unaccounted for Stores - K48,567**

The Controlling Officer informed your Committee that the receipt and disposal details for fuel costing K48,567 procured during the year under review had since been retrieved and were currently available for verification.

**Committee's Observations and Recommendations**

Your Committee does not accept the reason given by the Controlling Officer for the failure to avail these documents during the audit process and urges him to ensure that disciplinary action is taken against erring officers for this lapse. Your Committee will await a progress report on the matter.

**c) Failure to Effect Recoveries for Tuition and Salary Advances - K192,000**

The Controlling Officer submitted that recoveries in respect of tuition advances amounting to K192,000 paid to six officers, erroneously captured as seven officers in the Auditor General's Report, had not been effected at the time of audit.

He informed your Committee that recoveries from four officers had since been effected. However, the other two officers had been transferred to the Ministry of Health and the Ministry of Tourism and Arts. The Controlling Officer further explained that a follow up made to PMEC revealed that the recoveries could not be effected as the officers' net pay had since fallen below 40% after obtaining loans from other institutions. The supporting documentation was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to effect the recoveries immediately the loans were paid as required by law. Your Committee in this regard, sternly cautions the Controlling Officer for this failure and directs him not to relent, but ensure that the recoveries are

made without any further delay. Your Committee will await a progress report on the matter.

**d) Misapplication of Funds - K536,323**

The Controlling Officer acknowledged that this was caused by mispostings during data capturing in the Integrated Financial Management System (IFMIS) which was only rolled out to the Ministry in August 2015, as officers were interacting with the system for the first time. However, the mispostings had since been rectified.

**Committee's Observations and Recommendations**

Your Committee notes the submission but urges the Controlling Officer to ensure that the officers are sternly cautioned for this lapse. Your Committee requests that relevant documentation be made available to the Auditor General for verification, subject to which the matter should close.

**e) Failure to Insure Motor Vehicles**

The Controlling Officer explained that the correct position was that the vehicle was insured. The Ministry had since written to ZSIC regarding compensation of the vehicle. The supporting documentation was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer against his failure to produce documentary evidence to the auditors at the time of audit. Your Committee, however, recommends that the matter be closed subject to audit verification.

**f) Inadequate Details on Motor Vehicle Database**

The Controlling Officer informed your Committee that the information had been completed and was made available for audit verification.

**Committee's Observations and Recommendations**

Your Committee notes the submission but urges the Controlling Officer to ensure that officers are sternly cautioned against this lapse. Your Committee, however, recommends the matter for closure subject to audit verification.

**g) Food Security Pack Programme**

**i) Wasteful Expenditure**

The Controlling Officer informed your Committee that authority and guidance to cancel the two tenders was given by the Ministerial Tender Committee. The supporting documentation was available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer against his failure to produce documentary evidence to the auditors during the audit process. Your Committee, however, recommends the matter for closure subject to audit verification.

### **ii) Partial Refund of Advance Payment - K206,340**

The Controlling Officer explained that out of the outstanding balance of K206,340, an amount of K50,000 had been refunded, leaving a balance of K156,340. Your Committee was informed that the supplier had made an undertaking to refund the balance on 30<sup>th</sup> November, 2016. The supporting documentation was available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee expresses concern at the apparent reluctance by the Controlling Officer to recover the amount in question from the supplier promptly, which could suggest that there is some connivance with an insider in this transaction. Your Committee in this regard, directs the Controlling Officer to recover the amount without any further delay and that failure to do so should result in appropriate penalties and

consequently, a report on the matter to law enforcement agencies. Your Committee will await a progress report on this serious irregularity.

## **MINISTRY OF COMMUNITY DEVELOPMENT, MOTHER AND SOCIAL SERVICES**

### **AUDIT QUERY**

### **PARAGRAPH 35**

**UNIT** : Various  
**PROGRAMME** : Various  
**ACTIVITY** : Various

### **Accounting and Other Irregularities**

35. An examination of financial and other records maintained at the District Community Medical Offices carried out in June, 2016, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Missing Payment Vouchers – K240,103**

The Controlling Officer informed your Committee that thirty nine payment vouchers had been traced, while four payment vouchers for Kaputa District were not raised. The concerned Accounts Officer had been charged and removed from the payroll station. The supporting documentation was available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee expresses concern at the large number of missing supporting documents and urges the Controlling Officer to strengthen Internal controls at the Ministry. Your Committee directs that the traced documents be submitted for verification and that a progress report be submitted on the balance of the missing payment vouchers.

### **b) Unsupported Payments - K345,969**

The Controlling Officer explained that out of the seventy five payment vouchers totaling K345,969, eight payment vouchers totaling K30,515 for Mansa District were verified and resolved. The remaining sixty seven payment vouchers amounting to K315,454 that were unsupported at the time of audit were currently adequately supported with the relevant documentation. The supporting documentation was available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to ensure that payments at the Ministry were supported in accordance with the financial regulations. Your Committee sternly cautions the Controlling Officer and urges him to take disciplinary action against all erring officers for this lapse. The matter is, however, recommended for closure subject to audit verification.



**c) Unapproved Payments - K3,000**

The Controlling Officer informed your Committee that the payment voucher totaling K3,000 for Kaputa DCMO which was not approved at the time of audit had currently been approved in retrospect by the responsible officer and documentary evidence was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee directs that disciplinary action be taken against officers responsible for this serious irregularity. Your Committee further requests the Office of the Auditor General to verify the matter. Your Committee will await a progress report on the matter.

**d) Failure to Correct Errors on the Bank Statements - K26,839**

The Controlling Officer submitted that Kaputa and Kasama DCMOs had written to the Bank requesting it to correct the anomalies totaling K26,839, erroneously debited on the RDC Accounts. The supporting documentation was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses displeasure at the failure by the officers at the Ministry to carry out bank reconciliations regularly as such anomalies could have been detected earlier. Your Committee directs the Controlling Officer to

ensure that the errors are corrected without further delay and disciplinary action is taken against officers responsible for the lapse in reconciling the figures. Your Committee awaits progress report on the matter.

**e) Questionable Encashment of Stale Cheques – Kasama - K21,940**

The Controlling Officer informed your Committee that the issue of the five stale cheques totaling K21,940 had been resolved and the supporting documentation was available for verification.

**Committee’s Observations and Recommendations**

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

**f) Unretired Accountable Imprest - K1,113,056**

The Controlling Officer reported that the matter involving unretired imprest totaling K1,113,056 had since been resolved by way of retirements and recoveries. Records were made available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that regulations on the retirement of imprest are not being strictly adhered to and urges the Controlling Officer to put measures in place and correct the situation as well as ensure that officers are sternly cautioned against this practice. Your Committee, however, recommends the matter for closure subject to audit verification.

**g) Questionable Retirements of Imprest - K279,466**

The Controlling Officer clarified that only K37,460 regarding Chongwe and Sesheke was questionable, and not the K279,466 cited in the Auditor General's Report. However, the two districts had since normalised the retirements and the supporting documentation was made available for audit verification.

**Committee's Observations and Recommendations**

Your Committee notes the submission and urges the Controlling Officer to ensure that the officers are sternly cautioned against this lapse. Your Committee, however, recommends the matter for closure, subject to audit verification.

**h) Questionable Payment of Subsistence Allowance - K77,255**

The Controlling Officer reported that out of K77,255 issued to sixteen officers as subsistence allowances, an amount of K44,555 issued to nine officers was verified and resolved, therefore, leaving a balance of K32,700 involving seven

officers at Sesheke DCMO. The supporting documents were available for audit verification.

He further informed your Committee that the K32,700 had since been retired and the various modes of transport used by the officers had been indicated. The supporting documentation was also made available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee cautions the Ministry against this lapse and urges the Controlling Officer to ensure that the responsible officers are sternly disciplined. Your Committee however, recommends the matter for closure subject to audit verification.

#### **i) Irregular Payments**

##### **i) Subsistence Allowance on First Appointment - K113,651**

The Controlling Officer explained that the amounts totaling K113,651 paid as loading and off loading allowances were subsistence allowances which officers were entitled to on first appointment as per Terms and Conditions of Service for the Public Service No. 154 (b) (i) which states

that “ an officer travelling on duty within Zambia may draw subsistence allowances at the appropriate single or married rate. Traveling on duty within Zambia includes travelling on first appointment”. Therefore, the terminology “Loading and off-loading” was erroneously used.

In the case of Mansa, where officers were paid more than two days, recoveries had been effected as per recommendation of the auditors. The supporting documentation was made available for audit verification.

### **Committee’s Observations and Recommendations**

Your Committee is displeased with the rampant and willful disregard of financial regulations by the officers at the Ministry. Your Committee, in this regard, sternly cautions the Controlling Officer for allowing and defending such acts and urges him to ensure that the erring officers are disciplined to deter other would be violators of the conditions of service. Your Committee will await a progress report on the matter.

#### **ii) Payment of Meal Allowances within the Station - K123,153**

The Controlling Officer informed your Committee that these were outreach activities conducted outside the stations. However, some districts had effected recoveries as recommended by the auditors. Your Committee was informed that the definition of station was only amended in December 2015; through circular number 101/4/531 dated 30<sup>th</sup>

December, 2015. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer for his failure to accept the lapse and urges him to desist from acting on matters only after the audit process. The Controlling Officer is reminded that his role requires constant checks and balances through the internal audit function; therefore, such irregularities are unacceptable. Your Committee further directs him to ensure that internal controls are strengthened and that all the recoveries are made without further delay. Your Committee will await a progress report on the matter.

#### **iii) Payment of Out of Pocket Allowance-Solwezi DCMO - K23,659**

The Controlling Officer submitted that as stated above, the circular redefining "work station" came into effect in 2015. However, the District had effected recoveries through cash deposits and payroll deductions as recommended by the auditors and the supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee reiterates its stern caution to the Controlling Officer for his failure to admit the lapse and urges him to take action on matters in a proactive manner and not wait for the audit process. The Controlling

Officer is reminded to work closely with the Internal Audit Unit in order to avoid such irregularities in future. Your Committee further directs him to ensure that internal controls are strengthened and that all the recoveries are made without further delay. Your Committee will await a progress report on the matter.

**iv) Payments of Subsistence Allowance for Working within the Station - K479,200**

The Controlling Officer reported that the activities were justified as evidenced by Circular No. CO-101/4/53 of 2015. He informed your Committee that this Circular permitted subsistence allowance to be paid within the district boundaries where an overnight stay was expected.

**Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to desist from acting on matters only after the audit and be proactive in dealing with financial matters such as this one. Your Committee directs him to ensure that disciplinary action is taken against the officers responsible for not availing this information to the auditors during the audit process. Your Committee awaits a progress report on the matter.

**v) Use of Imprest to Procure Goods and Services**

The Controlling Officer informed your Committee that some of the payments were for small items that were not readily available in one shop,

such as low value items to health facilities. He explained that the other imprest was paid to transport a body to Lusaka from Samfya, and another payment was erroneously captured as imprest, instead of a direct payment to a contractor for the transportation of drugs from Lusaka to Samfya. Your Committee was further informed that most of the transactions involved were in areas with very limited registered suppliers and contractors which made the process of obtaining competitive quotations very difficult. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Ministry to follow financial regulations on the use of accountable imprest and urges the Controlling Officer to sternly caution officers at the Ministry to desist from this practice. Your Committee further urges the Controlling Officer to be proactive and not act on matters only after audit. In the same vein, your Committee urges the Controlling Officer to strengthen internal controls in order to improve financial management. Your Committee awaits a progress report on the matter.

#### **vi) Overpayment of Subsistence Allowances – Lundazi DCMO- K22,800**

The Controlling Officer reported that the overpayments amounting to K22,800 had been refunded and the deposit slips and bank statements were available for audit verification.



### **Committee's Observations and Recommendations**

Your Committee notes the submission and urges the Controlling Officer to ensure that disciplinary action is taken against officers responsible for this irregularity. The matter is, however, recommended for closure subject to audit verification.

#### **j) Unauthorised Retention of Standing Imprest - K75,729**

The Controlling Officer submitted that the retaining of standing imprest totaling K75,729 was an oversight on the part of the districts in 2015. Going forward, however, authority for 2016 was sought and had since been granted. The supporting documentation was made available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee notes the submission and urges the Controlling Officer to ensure that officers are sternly cautioned against this lapse. Your Committee, however, recommends the matter for closure subject to audit verification.

#### **k) Failure To Follow Procurement Procedures - K26,652**

The Controlling Officer informed your Committee that the procurements totaling K26,652 were within the thresholds of the affected officers. He explained that the thresholds for the DCMO's had been raised to K30,000. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee notes the submission and urges the Controlling Officer to ensure that officers are sternly cautioned against failure to avail the necessary documentation during the audit process. Your Committee, however, recommends the matter for closure subject to audit verification.

#### **l) Workshops held Outside Government Meeting Facilities without Authority- K204,942**

The Controlling Officer informed your Committee that the respective DCMOs had been charged. He further assured your Committee in his oral submission that he would not allow this to happen as long as funds were made available on time.

### **Committee's Observations and Recommendations**

Your Committee cautions the Controlling Officer for this lapse and urges him to ensure that the matter does not recur. Your Committee directs that the relevant documentation be submitted for verification and a progress report be availed to them.

#### **m) Failure to Refund Accountable Imprest - K138,000**

The Controlling Officer informed your Committee that recoveries amounting to K138,000 had been effected as a disciplinary measure. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee notes that in the absence of records, there is a high likelihood that the imprest was abused. Your Committee, in this regard, strongly urges the Controlling Officer to ensure that the matter does not recur. Your Committee directs that all relevant documentation be submitted for audit verification after which the matter should close.

#### **n) Questionable Servicing of Motor Vehicles -Katete DCMO - K14,140**

The Controlling Officer reported that the vehicle service centre at the time was engaged but did not have the capacity to service the vehicle in question. He informed your Committee that the District was currently servicing its vehicles at the service centre.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the matter does not recur by way of cautioning the erring officers. Your Committee requests the Office of the Auditor General to keep the matter in view in future audits.

#### **o) Failure to Produce Activity Reports - K212,478**

The Controlling Officer submitted that the activity reports in respect of imprest totaling K212,478 had been retrieved and were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee notes the submission and urges the Controlling Officer to ensure the timely submission of reports by officers that the Ministry sent on assignments. Your Committee requests the Office of the Auditor General to verify the documentation and prevailing situation before the matter can be closed.

#### **p) Misapplication of Funds**

The Controlling Officer explained that Livingstone had paid electricity and water bills amounting to K136,933 for health facilities which were threatened with disconnections whilst the misapplications of Kabwe and Kapiri-Mposhi totaling K214,530 were due to miscodings. He informed your Committee that Kalomo DCMO had reimbursed amounts totaling K1,700 and the supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Relating to all the cases in the districts queried, your Committee sternly cautions the Controlling Officer to desist from abrogating the Appropriation Act as this delays the implementation of budgeted for activities. Your Committee urges him to ensure that Treasury authority is always sought as

provided for in the financial regulations before varying funds in the Ministry. Your Committee further directs the Controlling Officer to seek retrospective authority from the Treasury in order to normalise the transactions. Your Committee will await a progress report on the matter.

**q) Failure to Produce Expenditure Returns - K433,743**

The Controlling Officer informed your Committee that the expenditure returns in respect of operational grants to rural health centers totaling K433,743 had been provided and were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee finds it unacceptable that evidence was not provided to the auditors during the time of audit but it is provided in retrospect and urges the Controlling Officer to institute disciplinary action against the officers responsible for this lapse. Your Committee, however, recommends the matter for closure subject to audit verification.

**r) Failure to Report Road Traffic Accidents to Standing Accidents Board**

The Controlling Officer informed your Committee that the Kabwe DCMO had since reported the accident to the Provincial Standing Accidents Board and the supporting documentation was available for audit verification. He informed your Committee that the Planner at Mwinilunga DCMO had since been charged and the accident had been reported to the Accidents Committee. Supporting documentation was also available for verification.

Your Committee was further informed that the Kaputa DCMO reported the accident to the Police. However, the accident was not yet reported to the Standing Accidents Board. The Controlling Officer had since charged the DCMO for failure to report the accident to the Standing Accidents Board. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee notes the submission but urges the Controlling Officer to institute disciplinary action against the DMCO Kabwe as well, since it was evident that the officer did not report the matter to the relevant authority at the time of audit. Your Committee, however, recommends the matter for closure subject to audit verification.

#### **s) Failure to Inscribe Government Assets - K422,768**

The Controlling Officer submitted that the assets costing K93,375 at Kabwe DCMO had been inscribed, while the other districts had written to the Ministry of Works and Supply to have the assets inscribed.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the process of inscribing the assets is expedited as the current situation can be a conduit for asset pilferage. Your Committee requests a progress report on the matter.

**t) Failure to Deduct Tax – Kabwe - K144,472**

The Controlling Officer reported that Kabwe DCMO would remit the tax component amounting to K144,472 when the outstanding balance for terminal benefits was paid to the officers given that only a part payment was made.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the remaining amount is remitted as soon as possible. The Controlling Officer is further reminded that it is a criminal offence to fail to deduct and remit taxes as prescribed under the Income Tax Act. Therefore, the Controlling Officer is urged to take disciplinary action against all erring officers in this matter. Your Committee will await a progress report on the matter.

**u) Failure to Insure Motor Vehicles**

The Controlling Officer informed your Committee that Luwingu and Mungwi DCMOs had since insured the motor vehicles and bikes. However, the vehicles at Kaputa were non-runners.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the Ministry to insure government motor vehicles contrary to *Section 86 of the Road Traffic Act of 2002*. Your Committee urges the Controlling Officer to ensure that all vehicles under his jurisdiction are insured and that an updated budget provision is made each year for purposes of insurance to avoid recurrence of this irregularity. Your Committee, however, recommends the matter for closure subject to audit verification.

**v) Unlicensed Motor Bike Operators**

The Controlling Officer reported that the motor bike operators at Kasama and Mungwi DCMOs had since obtained provisional driving licenses. The Mpulungu and Luwingu DCMOs had since written to the Road Transport and Safety Agency to facilitate the issuance of provisional driving licenses.

**Committee's Observations and Recommendations**

Your Committee observes with concern that the situation whereby unlicensed officers are operating Government motorcycles is hazardous and capable of not only causing losses to Government in cases of accidents but pose a risk to human life. Your Committee in this regard, directs the Controlling Officer to stop the affected officers from operating the motorcycles until they are properly licensed. Your Committee further urges him to ensure that his office pursues the matter on behalf of the concerned departments until the valid licenses are obtained. Your Committee will await a progress report on the matter.



**w) Failure to Register Motorcycles**

The Controlling Officer reported that DCMOs had since engaged RTSA and the registration of the motorcycles was in the process.

**Committee's Observations and Recommendations**

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

**x) Wasteful Expenditure – K18,565**

**Chisamba District –K2,065**

- i) The Controlling Officer reported that the Chisamba DCMO had written to the Liteta Hospital management regarding the wasteful expenditure amounting to K2,065 in respect of the seven heaters that only functioned for a week. Therefore, appropriate action would be taken once the disciplinary procedures had been concluded.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to act on the matter promptly. Your Committee cautions him to desist from such a lessor-fasire approach to matters concerning public funds. Your Committee resolves to await a progress report on the matter.

**Lusaka District – K16,500**

- ii) The Controlling Officer submitted that the Medical Equipment Maintenance Department assessed the equipment and recommended that the elements which were malfunctional due to unstable electricity current should be replaced. These had since been repaired.

### **Committee's Observations and Recommendations**

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

#### **y) Unacquitted Allowances - K23,272**

The Controlling Officer reported that recoveries had been effected amounting to K23,272 involving seven officers in respect of payments that were unacquitted at the time of audit. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee notes the submission and urges the Controlling Officer to ensure that officers are sternly cautioned for this irregularity. Your Committee however, recommends the matter for closure subject to audit verification.

#### **z) Outstanding Bills - K5,824,915**

The Controlling Officer stated that the current position was that the four DCMOs prepared the cash flow forecasts to dismantle the arrears totaling K5,824,915 and would ensure that the amounts were liquidated once funds from RDCs and other emoluments were released.

### **Committee's Observations and Recommendations**

In noting the submission, your Committee urges the Controlling Officer to ensure that all the outstanding arrears are dismantled as planned and that the affected DCMOs are cautioned for their failure to settle bills promptly. Your Committee will await a progress report on the matter.

#### **aa) Questionable Engagement of Contractors for Maintenance Services Mansa DCMO - K32,600**

The Controlling Officer reported that Mansa DCMO admitted that they had erred and had since terminated the contract amounting to K32,600 for the maintenance of the lawn and cleaning of ablutions.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the officers responsible for this irregularity. Your Committee further urges him to ensure that the amount in question is refunded by the contractor without further delay. Your Committee will await a progress report on the matter.

#### **bb) Weaknesses in the Management of Stores and Fuel**

**i) Unaccounted for Stores and Fuel - K381,629**

The Controlling Officer informed your Committee that receipt and disposal details for stores items amounting to K381,629 procured during the year under review had been retrieved and were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to ensure that the relevant documentation was properly secured. Your Committee urges him to ensure that the officers are sternly cautioned against this lapse. The Controlling Officer is further urged to strengthen internal controls, which are evidently weak. Your Committee, however, recommends the matter for closure, subject to audit verification.

**ii) Fuel Drawn by Vehicles Not Belonging To DCMO - K40,398**

The Controlling Officer reported that authority regarding fuel costing K40,398 which was drawn by vehicles not belonging to the DCMOs had been sought in retrospect. In future, officers had been advised to identify frequently used vehicles and seek authority prior to use.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against officers who allowed vehicles not belonging to DCMO to draw fuel costing K40,398 to deter other officers from committing similar transgression in future. Your Committee resolves to close the matter subject to audit verification.

**iii) Fuel Drawn By Unknown Vehicles - Chama DCMO - K1,974**

The Controlling Officer reported that fuel amounting to K1,974 was drawn in containers to be used by motor cycles at the health facilities. He informed your Committee that the registration numbers for the motor cycles involved were reflecting on the stock control cards and the supporting documentation was available for audit verification.

**Committee's Observations and Recommendations**

In noting the submission, your Committee urges the Controlling Officer to ensure that fuel drawn in this manner has motor cycle numbers indicated on the disposal documents to avoid recurrence. Your Committee further urges him to ensure that DMCOs are cautioned for the failure to record the motor cycle numbers. Your Committee directs that the relevant documentation be submitted to the Auditor General for verification, subject to which the matter should close.

**iv) Unaccounted For Spares - Kapiri Mposhi DCMO - K287,558**

The Controlling Officer informed your Committee that the Kapiri Mposhi DCMO had failed to account for the motor vehicle spare parts amounting to K287,558. Consequently, the responsible officer had been charged and the supporting documentation was made available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to account for spare parts worth such colossal sums of public funds. Your Committee in this regard, directs the Controlling Officer to follow up the disciplinary process to its logical conclusion and ensure that the amount is reimbursed by the officers responsible for this serious irregularity. Your Committee will await a progress report on the matter.

#### **v) Unaccounted for Drugs and Medical Supplies - K190,603**

The Controlling Officer submitted that receipt and disposal details for drugs and medical supplies costing K190,603 had been located and the supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that documents in respect of such huge amounts could not be made available during the time of audit only to resurface thereafter. Your Committee, in this regard, urges the Controlling Officer to institute corrective measures including disciplinary action against the officers who failed to make the documents available at the time of audit in order to avert recurrence of such an irregularity. Your

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

**cc) Infrastructure Development**

**i) Misapplication of Funds – Kaputa DCMO - K140,939**

The Controlling Officer explained that the K104,932 intended for water reticulation for the Kaputa DCMO's doctor's house and the rehabilitation of the maternity annex at Kaputa District Hospital would be recovered from the accountant once the disciplinary process had been concluded. Your Committee was informed that his salary had since been blocked.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the state of affairs at the Kaputa DMCO where funds could be misapplied at will by an officer with impunity. Your Committee directs the Controlling Officer to ensure that management at the DMCO is sternly cautioned against such lapses and that both the recovery of the funds and the disciplinary process should be followed up to their logical conclusion. Your Committee awaits a progress report.

**ii) Construction of a Wall Fence and Drainage with a Soakaway – Chelstone Health Centre-Lusaka DCMO - K10,793**

The Controlling Officer informed your Committee that the soakaway had been constructed and the completion certificate had been obtained from the Ministry of Works and Supply.

### **Committee's Observations and Recommendations**

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

### **iii) Rehabilitation of the Maternal Child Health and Out Patient Department – Kanyama 1<sup>st</sup> Level Hospital - K16,455**

The Controlling Officer reported that the Lusaka DCMO had since written to the contractor to remobilise and complete the works. The contractor was awaiting the onset of the rains as the defects were on the ceiling board.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the defects identified in the Auditor General's Report are promptly rectified before the defects liability period elapses. Your Committee will await a progress report on the matter.



**MINISTRY OF COMMUNITY DEVELOPMENT, MOTHER AND SOCIAL WELFARE**

AUDIT QUERY

**PARAGRAPH 36**

PROGRAMME : Personal Emoluments

ACTIVITY : Various

**Accounting and Other Irregularities**

36. An examination of accounting and other records maintained at the District Community Medical Offices carried out in June and July, 2016, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

**a) Employees On Payroll (PMEC) but Not at their Station – K272,460**

The Controlling Officer reported that the matter at the Chipata DCMO had been resolved while the officer on the Mansa payroll had since been transferred to Mongu, his duty station. As for the Rural and Remote Hardship allowances, the Controlling Officer explained that these were default allowances that could only be adjusted by the movement of the payroll area through the PMEC.

In view of the foregoing, the Ministry had since written to the PMEC to remove the Rural and Remote Hardship allowance and institute recoveries.

**Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to liaise with the Secretary to the Treasury on the problems associated with the PMEC in the Ministry. Your Committee further urges him to ensure that the matter is resolved without undue delay and that all recoveries are made promptly. Your Committee awaits a progress report on the matter.

**b) Failure to Take Disciplinary Action**

The Controlling Officer reported that the Mumbwa District Medical Officer was undergoing medical treatment in Lusaka and had since been transferred to Lusaka following an instruction from the Permanent Secretary at the Ministry of Health (MOH). He explained that the other two officers for the Chavuma and Lusaka DCMOs had since been charged and recommended for dismissal. They had also been removed from the payroll and recoveries would be effected from their terminal benefits.

**Committee's Observations and Recommendations**

Your Committee notes the efforts made by the Controlling Officer but reminds him to ensure that matters at the Ministry are dealt with promptly unlike waiting for auditors to unearth the irregularities. Your Committee further urges him to ensure that recoveries are effected without further delay. Your Committee awaits a progress report on the matter.

**c) Payments of Salaries to Unknown Officers - K147,226**

The Controlling Officer explained that according to the staff assignment for the Sesheke DCMO, the purported seven officers did not fall under the district payroll. In view of the forgoing, the Ministry had written to the PMEC to establish their duty stations.

He further informed your Committee that the officer for Mongu could not be traced and had since been removed from the payroll whilst disciplinary action had been taken against the end user for introducing the purported officer on the payroll. As for the Kalabo DCMO, the officers were known and their duty stations had been identified. The supporting documentation was available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern that this irregularity could result in the loss of Government funds through the payment of non-existent (ghost) workers not rendering a service to the Government. Your Committee, in this regard, urges the Controlling Officer to ensure that the matter is promptly resolved and will await a progress report on the matter.

**d) Introduction on Payroll without Authority - K1,109,506/K1,632,051**

The Controlling Officer informed your Committee that the appointment letters from the Public Service Management Division (PSMD) in some cases had

been traced and were available for verification. However, for those with provisional appointment letters, recommendations had since been submitted to the PSMD for normalisation.

The Controlling Officer further submitted that forty retired officers were reintroduced on the payroll at the Kabwe, Chisamba and Kapiri-Mposhi DCMOs using provisional letters of appointment which had since been submitted to the PSMD to normalise the re-engagement.

### **Committee's Observations and Recommendations**

Your Committee finds it highly irregular for the Controlling Officer to introduce officers on the payroll without obtaining authority from PSMD. Your Committee observes with concern that this irregularity can result in the loss of Government funds through the payment of non-existent (ghost) workers and the engagement of people without the necessary qualifications and competencies. In this regard, your Committee sternly cautions the Controlling Officer against staff engagements without appropriate authority. He is further urged to ensure that the matter is followed up with PSMD to normalise the re-engagement. Your Committee further calls upon the Secretary to the Treasury to secure the payroll system so that it should not be possible to introduce someone on the payroll without authority. In addition, the Secretary to the Treasury should take disciplinary action against all officers responsible for this serious irregularity. A progress report will be awaited by your Committee

**e) Irregular Payment of Salaries to Officers Attending Studies without Leave - K1,640,604**

The Controlling Officer reported that management had since submitted recommendations for normalisation of the paid study leave to the PSMD-DHRD for the affected officers. As for the Sesheke officer, the records indicated that he went on unpaid leave and had been removed from the payroll.

**Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to pursue the process of normalising the paid study leave in order to rectify the anomaly. Additionally, your Committee implores the Secretary to the Treasury to quickly take measures to enhance monitoring of payroll activities to avert such occurrences in future. Your Committee will await a progress report on the matter.

**f) Irregular Payment of Allowances**

The Controlling Officer reported that the Chipata DCMO was cleared regarding the housing allowances totaling K145,070. With regard to the other districts, investigations had revealed that while it was true that some officers

were accommodated, the following had been the situation prevailing on the ground:

- some officers were accommodated in shared apartments while others were accommodated in structures not in conformity with the definition of a standard house; and
- officers who were accommodated by their spouses were entitled to housing allowances.

As for the officers who were accommodated in standard houses, their housing allowances had been discontinued and recoveries had been effected.

### **Committee's Observations and Recommendations**

Your Committee does not accept the explanation by the Controlling Officer and strongly urges him to ensure that disciplinary action is taken against the officers who authorised the irregular payments and those who were receiving the allowance while occupying institutional houses. Your Committee further insists to ensure that all recoveries are made without further delay. Your Committee awaits a progress report on the matter

#### **i) Irregular Payment of Night Duty Allowance – K692,903**

The Controlling Officer stated that the current and correct position was that cleaners serving in hospitals were eligible while those who were ineligible

such as those that worked in offices and not in the health facilities, had their allowances discontinued and recoveries effected.

### **Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to ensure that the matter is resolved promptly and that recoveries of all irregularly paid allowances are effected without further delay. Your Committee will await a progress report on the matter.

#### **ii) Irregular Payment of Health Personnel Shift Deferential - K384,048**

The Controlling Officer explained that the allowances had been removed. The recoveries amounting to K384,048 had been effected, although Circular No PSMD/7/2/6 awarded this allowance to all officers who were previously in the MS salary scales.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to take disciplinary action against the officers responsible for the irregular payments and a progress report be submitted to them. Further, all recoveries should be submitted to the Auditor General for verification.

#### **iii) Irregular Payment of Allowances - K63,658**

The Controlling Officer submitted that the stated allowances had since been removed and recoveries amounting to K63,658 had been effected.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that disciplinary action is instituted against the officers who authorised these irregular payments. Your Committee will await a progress report on both verification of the recoveries and the disciplinary action taken.

#### **iv) Irregular Payment of Rural and Remote Hardship Allowances - K884,113/K387,437**

The Controlling Officer reported that the irregular allowances had been removed and recoveries amounting to K1,271,550 had been effected.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that disciplinary action is instituted against the officers who authorised these irregular payments. Your Committee will await a progress report on the disciplinary action taken and verification of the recoveries.

#### **v) Irregular Payment of Remote Instead of Rural Hardship Allowance - K86,635**

The Controlling Officer submitted that the Payroll Support Services Department had been advised to ensure that payroll position IDs were



correctly placed on structures that were entitled to rural and remote hardship allowances so as to avoid the overpayment and underpayment of allowances. Recoveries amounting to K86,635 had been effected for the ineligible officers.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the Controlling Officer did not initiate the recoveries for the irregularly paid allowances until the matter was raised by the auditors. Your Committee, in this regard, urges the Controlling Officer to ensure that disciplinary action is taken against the officers who authorised the payment and caused the anomaly. A progress report is awaited by your Committee.

#### **g) Failure to Deduct Statutory Contributions**

The Controlling Officer reported that statutory contributions such as NAPSA and Pensions were not supposed to be deducted from officers who were on contract. However, respective DCMOs had effected recoveries of PAYE from the concerned officers with effect from 2015, in liaison with the PMEC Office, and two officers in Mansa had attained the statutory retirement age. For those that attained the statutory retirement age, your Committee was informed that the PMEC system automatically discontinued payments of statutory contributions.

### **Committee's Observations and Recommendations**

Your Committee cautions the Controlling Officer for this lapse. Your Committee observes with concern that the failure to deduct statutory contributions as required by law, can result in loss of revenue to the Government and lack of social protection for the employees. Your Committee, in this regard, directs the Controlling Officer to ensure that statutory obligations at the Ministry are met as and when they are required. Your Committee awaits a progress report on the matter.

**h) Delay to Remove Officers from the Payroll**

The Controlling Officer submitted that the matter was resolved and a status report from the Office of the Auditor General was available for verification.

**Committee's Observations and Recommendations**

Your Committee recommends the matter for closure subject to verification.

**MINISTRY OF HEALTH**

**AUDIT QUERY**

**PARAGRAPH 37**

PROGRAMMES : Various

ACTIVITIES : Various

## **Accounting and Other Irregularities**

37. An examination of accounting and other records maintained at the Ministry headquarters and physical inspections of selected projects carried out during the period from April to July 2016 revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

### **a) Unsupported Payments - K980,974**

The Controlling Officer submitted that most of the queried amounts related to treatments abroad under the Apollo Hospital in India. He informed your Committee that the Hospital acknowledged receipt of the funds through email, and was asked to send the receipts by courier. Your Committee was further informed that the Bank had also confirmed the transmission of the funds. He explained to your Committee that the lists of patients who were being paid for were not attached to the payment voucher for confidentiality purposes. However, they could be availed to the auditors for verification.

He further explained that previously, a team of officers would travel to India to reconcile the account and perform on the spot checks of all the documentation which would be brought to the Ministry. However, this had not been possible in the last two years because of financial constraints. The supporting documents for the other two payments were also available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee expresses concern that the failure to provide supporting documents can be a conduit for fraudulent activities at the Ministry as the authenticity, validity and completeness of the transactions cannot be ascertained. It is also a matter of serious concern that the relevant documentation was not availed to the auditors. Your Committee directs the Controlling Officer to ensure that the supporting documents are traced and availed for audit verification and without any further delay. Your Committee awaits a progress report on the matter.

**b) Failure to Recover Salary Advances - K65,000**

The Controlling Officer informed your Committee that salary advances in amounts totaling K65,000 issued to the two officers were being recovered. He submitted that there were delays in effecting the recoveries because the officers' salaries were below 40%.

The Controlling Officer further explained that at the time of application, the calculations were done in order to determine whether the officers' net pay were above 40% of their basic pay. Upon approval of the application, the officers' names were put on the waiting list due to inadequate funding. This forced the officers to turn to other financing institutions as a result of the pressure. Regrettably, when funds were available at the Ministry, the approved applications were paid without re-calculating the percentages.

However, the accounting officers had been instructed to re-calculate the percentages of the staff salaries at the time of payment in order to ensure that

the salaries were within 40% of net pay. The payslips were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds the practice of failing to recover salary advances at the Ministry unacceptable. It observes that the failure to recover salary advances is mainly due to negligence on the part of the officers and poor supervision. In this regard, your Committee directs the Controlling Officer to institute strict control measures in the recovery of salary advances. Your Committee further urges the Controlling Officer to ensure that the necessary disciplinary action is taken against the officers responsible for this irregularity. Your Committee further calls upon the Controlling Officer to expedite the deductions. Your Committee will await a progress report on the matter.

#### **c) Medical Supplies**

##### **i) Procurement Of Drugs With Short Shelf Life - K7,289,648 (US\$1,041,378.34)**

The Controlling Officer submitted that it was regrettable that Medical Stores Limited (MSL) accepted the commodities with short shelf life. The Ministry had instructed the supplier to replace the rejected Laboratory commodities and the supplier was agreeable. A letter from the supplier undertaking to re-supply the Laboratory commodities was available for verification.

The Controlling Officer further submitted that the Medical Stores Board met and appropriate disciplinary and corrective measures had been taken.

- **Questionable Procurement of Laboratory commodities**

The Controlling Officer submitted that the reagents were ordered on request from Medical Stores Limited (MSL) as there was an indication that there would be a stock out in most of the facilities. A list was compiled by MSL which was used by the Ministry of Health to order the commodities. However, at the time of delivery and distribution, it was discovered that a few facilities still had the commodities. The Ministry instructed the supplier to replace the rejected laboratory commodities and the supplier was agreeable.

### **Committee's Observations and Recommendations**

Your Committee is alarmed at the level of impunity displayed by management at the Ministry. It finds it highly irregular for the Ministry to procure laboratory commodities with short shelf life when the health facilities had enough laboratory commodities with longer shelf life. Your Committee further observes that such an irregularity results in the loss of public funds as reagents may expire earlier than required and patients may be administered with expired reagents. It further observes that if proper monitoring was done, management would have known that most of the health facilities had sufficient stocks of the commodities.

Your Committee also questions why action on the supplier was only taken after the matter was unearthed by the Auditor General's Report. In view of the foregoing, your Committee strongly recommends that management should review the procurement process of the reagents. Further, and if any irregularity is discovered in the process, the matter should be reported to the law enforcement agencies. Your Committee awaits a progress report on the matter.

- **Supply of Laboratory Commodities with Remaining Short Life Span**

The Controlling Officer submitted that the acceptance certificate was issued by Medical Stores Limited and action was taken as earlier alluded to.

### **Committee's Observations and Recommendations**

Your Committee observes that this serious irregularity is as a result of poor monitoring of drugs procured for health facilities. Your Committee also expresses concern that this irregularity can result in the loss of Government revenue as well as the administration of expired drugs to patients. Your Committee strongly recommends that the matter should be reported to the law enforcement agencies for further action. Your Committee awaits a progress report on the matter.

- **Supply of Expired Miniclean- K32,663 (US\$2,613)**

Thirty nine boxes of Miniclean delivered on 8<sup>th</sup> April 2015, valued at K32,663 (US\$2,613) had expired.

The Controlling Officer informed your Committee that the supplier had agreed to replace the thirty nine (39) boxes of expired Miniclean valued at K32,663 (US\$2,613).

### **Committee's Observations and Recommendations**

Your Committee sternly urges the Controlling Officer to ensure that the expired Miniclean is replaced without further delay. If any irregularities are discovered, the matter should be reported to the law enforcement agencies for further action. Your Committee awaits a progress report on the matter.

- **Delivery of Damaged Minidil - K73,601 (US\$5,888)**

The Controlling Officer informed your Committee that the supplier had agreed to replace the sixty four boxes of damaged minidil valued at K73,601 (US\$5,888).

### **Committee's Observations and Recommendations**

Your Committee calls upon the Controlling Officer to pursue the matter to its logical conclusion as it can result in the loss of public funds and deprive



the Community of much needed healthcare. Your Committee will await a progress report on the matter.

- **Rejected Minidil - K59,136 (US\$4,731)**

The Controlling officer submitted that eighty three boxes of Minidil valued at K59,136 (US\$4,731) which were used for full blood count were rejected by health facilities and taken back to MSL.

### **Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to ensure that Medical Stores Limited is strictly supervised in order to guarantee that it fulfills its mandate. Your Committee further calls upon the Controlling Officer to pursue the matter its logical conclusion as it can result in the loss of public funds and deprive the Community of the much needed healthcare. Your Committee will await a progress report on the matter.

- **Supply of Short Shelf Life Minolyse and Minidil - K281,888 (US\$22,551)**

The Controlling Officer informed your Committee that the 178 boxes of Minolyse and Minidil costing K281,888 (US\$22,551) delivered on 8<sup>th</sup> April, 2015 were rejected by health facilities due to its short life span, therefore, the supplier agreed to replace them. However, these anomalies had since been corrected.

## **Committee's Observations and Recommendations**

Your Committee is once again alarmed at the level of carelessness displayed by management at the Ministry. Your Committee finds it highly irregular for the Controlling Officer to take action on the supplier only after the irregularity was unearthed by the Auditor General in his Report. Your Committee strongly urges the Controlling Officer to ensure that the drugs in question are replaced without further delay. Your Committee also recommends the matter should be reported to the law enforcement agencies. Your Committee awaits a progress report on the matter.

### **ii) Management of Medical Supplies - K13,750,821**

The Controlling Officer explained that these medical supplies were delivered to Medical Stores Ltd (MSL) for storage and distribution to health facilities.

He informed Your Committee that it was regrettable that drugs worth K13,750,821 had expired. However, a Board of Survey had been constituted to dispose of the drugs. Your Committee was informed that there had been a delay in disposing of the expired drugs due to financial constraints.

The following were some of the reasons that the Controlling Officer gave as to why some products expired at MSL:-

- 1) The changes in the treatment regimen by World Health Organisation (WHO), particularly for HIV/AIDS rendered some products obsolete, leading to expiry of the drugs and these represented 90% of the commodities; and
- 2) Some products were given a status 2 (status for product that were below 90 days shelf life). This implied that products were not yet expired but could only be issued out to the facility once they gave consent and advise on the quantities they could consume before the product expired.

The Controlling Officer further informed your Committee that Medical Stores Limited had put in place the following measures:

- strengthened the quality of quantification for essential medicines based on realistic programme goals for example in HIV/AIDS medicines;
- introduced electronic stock control systems aimed at improving the quality of stores management at MSL and all levels of health systems;
- reinforced basic stores management and monitoring of all inventory staff;
- improved the quality of selection of medicines on the National Essential Medicines List by reducing the number of products being managed, thereby, simplifying the supply chain and the risk of expiry;
- improving communication and coordination in the procurement and supply systems; and

- sharing information of drugs available at MSL with the Ministry on a monthly basis.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that the Controlling Officer does not appear to be in control of the management of medical supplies at the Ministry as established procurement and supply procedures are being flouted with impunity. Your Committee questions how drugs worth K13,750,821 can expire, when there is always demand for these drugs in health facilities. Your Committee, therefore, sternly cautions the Controlling Officer to henceforth closely supervise all the officers under his jurisdiction and to be proactive in ensuring that all the requisite procurement procedures and supply systems are strictly adhered to. Your Committee further urges the Controlling Officer to ensure that the officers charged with the responsibility of distributing the drugs to health facilities are sternly disciplined for these lapses. Your Committee awaits a progress report on the matter.

#### **d) Undelivered Medical Equipment - K23,122,641**

The Controlling Officer submitted the table below, indicating the status of the undelivered equipment.

<b>Date of engagement</b>	<b>Supplier</b>	<b>Details</b>	<b>Contract Sum US\$</b>	<b>Contract Sum K</b>	<b>Comments</b>
17.07.14	Avic International (Z) Ltd	Supply, delivered, installation and commissioning of CT machines	-	8,804,835	The CT machines were delivered and have been installed by the supplier.
12.04.14	Hightech Healthcare	Supply and delivery of various medical equipment to 133 health posts and 4 health centres	747,393.41	5,231,754	The equipment was delivered to medical stores and later collected by the Provincial medical officers who distributed it to various facilities. The distribution list and Goods received noted are available for verification
28.04.14	Medhold Medical PTY Ltd	Supply, delivery, installation and commissioning of medical equipment, hospital furniture and other related medical equipment for existing hospitals	763,177.21	5,113,287	The equipment was supplied, delivered and installed to Cancer Diseases Hospital. Documents are available for verification.
28.03.14	Sagewood Ltd	Supply and delivery of mental health	401,302.30	3,523,418	The equipment was supplied, delivered and installed to University Teaching

		equipment			Hospital (UTH), Livingstone, Ndola and Kitwe Central Hospitals. The documents are available for verification
23.09.14	Sagewood Ltd	Supply and delivery of 60 units of mental ear syringes, 240 units of baby weighing scales, 120 digital thermometers and 60 mechanical timers to 60 health posts	3,798.60	28,490	The equipment was delivered to medical stores and later collected by the Provincial medical officers who distributed them to various facilities. The distribution list and Goods Received Notes are available for verification
	<b>Total</b>		<b>1,915,671.52</b>	<b>22,701,785</b>	

He further clarified that on 28<sup>th</sup> June, 2014, the contractor was engaged to supply, deliver, install and commission one imaging equipment to Ibenga Hospital at a contract sum of K342,200 and not two. The equipment supplied was delivered to Ndola Central Hospital instead of Ibenga as indicated in the contract because the machine at Ndola Central Hospital had broken down. The Controlling Officer explained that the decision was made after comparing demand for the service between the two hospitals. The necessary documentation was available for verification.

### **Committee's Observations and Recommendations**

Your Committee is concerned that such decisions could be made without following prescribed procedures and wonders why the Office of the Auditor General was not informed of the changes. Your Committee, therefore, directs that the relevant documents providing details of the deliveries should be submitted to the Office of the Auditor General for verification and physical inspections should be conducted by the auditors to ascertain whether the equipment was indeed delivered, installed and commissioned. Your Committee further directs the Controlling Officer to ensure that funds are secured to supply, deliver and install one imaging equipment to Ibenga Hospital to enable the beneficiaries access the much needed health services. Your Committee also urges the Controlling Officer to institute disciplinary action against officers who failed to provide this information to the Auditors. Your Committee awaits a progress report on the matter.

**e) Outstanding Suppliers' Bills - K519,882,647 (US\$41,590,611.77) at an exchange rate of K12.50/US\$**

The Controlling Officer submitted that US\$20,471,559.36 and K6,868,428.90 respectively, had been paid, leaving a balance of US\$21,145,195.51. He informed your Committee that the total outstanding bill from the list in question was K225,043,761.80 at an exchange rate of K11.20/US\$. In this regard, the budget balance for 2016 was K505,343,095. It was, therefore, envisaged that this amount would be liquidated in 2017 if funds were released by the Ministry of Finance.

The Controlling Officer further explained that the suppliers' bills started accumulating from the time the kwacha started depreciating.

**Committee's Observations and Recommendations**

Your Committee expresses concern that delayed payments to the suppliers can result in the possibility of the Government being charged huge amounts in interest in the event of any litigation arising from delayed payments. In this regard, your Committee strongly urges the Secretary to the Treasury to take keen interest in this matter and ensure that funds are secured to ensure the timely payment of the suppliers. Your Committee awaits a progress report on full settlement of the outstanding bills.



## MINISTRY OF HEALTH

### AUDIT QUERY

### PARAGRAPH 38

UNIT : Clinical Care and Diagnostic  
PROGRAMME : Medical Supplies  
ACTIVITIES : Various

### Accounting and Other Irregularities

38. An examination of accounting and other records maintained at the Ministry headquarters and a physical inspection of medical supplies at various District Community Medical Offices carried out in June 2016, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

Your Committee heard that the irregularities were due to unaccounted for and undelivered drugs that arose because of different methods of distribution to various health facilities. He explained that three different methods were used to deliver/distribute the drugs.

- 1) The first one was where drugs from Medical Stores were delivered to the District for further redistribution to the health facilities.
- 2) The second method was where drugs from Medical Stores were delivered to the hub for further redistribution to the health facilities.
- 3) The third was where drugs from Medical Stores were delivered directly to the health facilities. With the last method, the district was not aware

of the delivery of the drugs, making it difficult for the districts to account for and confirm the delivery of drugs, hence the discrepancy in the information obtained between Medical Stores and districts.

**a) Unaccounted for Drugs - K3,115,385**

The Controlling Officer submitted that drugs worth K3,115,385 were reported to have been undelivered to various hospitals, district medical offices, and rural health centres. He reported that out of K3,115,385 worth of undelivered drugs, drugs worth K2,982,270.46 were delivered, leaving a balance of K133,116.54.

Your Committee was informed that the Ministry was still following up the undelivered drugs under Luapula, Eastern and Lusaka Provinces with the facilities and Medical Stores Limited had been instructed to avail the dispatch notes for these drugs.

In order to ensure accountability of all the drugs, the Controlling Officer informed your Committee that the Ministry had embarked on the implementation of an electronic stock control system that was aimed at improving the quality of stores management at MSL and at all levels of the health system.

Province	Institution	Queried Amount K	Accounted for drug K	Balance	Comment
Luapula	Mansa DCMO	91,871	91,871	0	Accounted for
	Mansa Gen. Hospital	248,103	248,103	0	Matter resolved
	Kawambwa DCMO	75,672	75,672.00	0	Accounted for
	Kawambwa Dist Hospital	54,995	719.97	54,275.03	Partially Accounted for
	Nchelenge DCMO	159,465	132,324	27,141.00	Partially Accounted for
	Samfya DCMO	231,550	187,892.44	43,657.39	Partially Accounted for
	Samfya Dist Hospital	1,840	1,840.23	0	Accounted for
	Southern	Choma DCMO	245,477	245,477	0
Monze DCMO		543,204	543,204	0	Accounted for
Eastern	Lundazi DCMO	1,839	0	1,839	Not accounted for
	Chadiza DCMO	92,652	86,429.85	6,222.15	partially accounted for
Western	Provincial Medical Office	46,294	46,294	0	Accounted for
	Lewanika Gen Hospital	16,986	16,986	0	Accounted for
	Mongu DCMO	17,557	17,557	0	Accounted for
	Lukulu DCMO	11,657	11,675	0	Accounted for
	Sesheke DCMO	21,935	21,935	0	Accounted for
	Senanga DCMO	5,714	5,714	0	Accounted for
Lusaka	Kafue District Hospital	16,943	16,943	0	Not accounted for
	Lusaka DCMO	148,153	20,187.17	127,965.83	Partially accounted for
	Chongwe DCMO	4,933	4,933	0	Accounted for
	Chongwe District Hosp.	16,299	16,299	0	Accounted for

	Chongwe HC	985,090	985,090	0	Accounted for
	Kanakantampa RHC	19,670	19,670	0	Accounted for
	ZAF 71 HC	10,085	10,085	0	Accounted for
	ZAF Lusaka Base RHC	45,518	45,518	0	Accounted for
	Mbala DCMO	1,489	1,489	0	Not accounted for
Northern	Luwingu DCMO	396	396	0	Accounted for
<b>Total</b>		<b>3,115,385</b>	<b>2,982,270.46</b>	<b>133,116.54</b>	

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the management at Medical Stores Limited to account for drugs amounting to K3,115,385. Your Committee also observes that public funds may be lost through the procurement of drugs without receipt and disposal records. Your Committee urges the Controlling Officer to institute disciplinary action against the officers responsible for the irregularity. Your Committee further urges the Controlling Officer to ensure that Medical Stores Limited provides evidence that the drugs were received and distributed to the health facilities without further delay. Your Committee further recommends that the Controlling Officer submits all the traced documents to the Office of the Auditor General for audit verification. Your Committee resolves to await a progress report on the matter.

#### **i) Unaccounted for drugs at health institutions - K2,194,942**

The Controlling Officer submitted that out of the drugs worth, 2,194,942 not accounted for, drugs worth K2,131,827.96 had since been accounted for, leaving a balance of K63,113.04 as shown in the table below.

The Ministry had written to MSL for the unaccounted drugs as they were reported not to have been delivered to the health centres.

The Controlling Officer explained that most of the drugs were not accounted for at the time of audit due to poor record keeping and staff turnover. In some cases, drugs from Medical Stores Limited were delivered directly to the facilities, making it difficult for the districts to account for them.

<b>Province</b>	<b>Institution</b>	<b>Amount K</b>	<b>Accounte d for</b>	<b>Balance</b>	<b>Comment</b>
Southern	Kazungula DCMO	95,238	95,23 8	0	Accounted for
	Kazungula Rural Health Centre	397,877	397,87 7	0	Accounted for
	Gwembe DCMO	90,518	90,51 8	0	Accounted for
	Namwala DCMO	30,303	30,30 3	0	Accounted for
	Sinazongwe DCMO	380,123	380,12 3	0	Accounted for
	Lewanika General Hospital	36,625	36,62 5	0	Accounted for
Western	Mongu Urban Clinic	17,558	17,55 8	0	Accounted for
	Lukulu DCMO	4,101	4,101	0	Unaccounted for

	Mulobezi DCMO	1,903	1,90 3	0	Accounted for
	Sesheke DCMO	9,303	9,30 3	0	Accounted for
	Senanga General Hospital	48,014	48,01 4	0	Accounted for
	Mumbeji RHC	4,525	4,52 5	0	accounted for
North Western	Mwinilunga District Hospital	224,443	224,443	0	accounted for
	Chililabombwe DCMO	12,398	0	12,398	unaccounted for
Copperbelt	Chikoka HC	178,085	178,08 5	0	Accounted for
Lusaka	Luangwa HC	7,754	7,75 4	0	Accounted for
	Lusaka DCMO	199,469	199,46 9	0	Accounted for
	Chongwe DCMO	27,408	27,40 8	0	Accounted for
	Chongwe District Hospital	247,295	247,29 5	0	Accounted for
	Chongwe HC	74,517	23,801.96	50,715.13	Partially accounted for
	Kanakantapa RHC	37,098	37,098	0	Unaccounted for
	ZAF 71 HC	51,177	51,177	0	Unaccounted for
	ZAF Lusaka Base HC	19,209	19,209	0	Unaccounted for
<b>Total</b>		<b>2,194,941</b>	<b>2,131,827.9</b>	<b>63,113.04</b>	

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### **Committee’s Observations and Recommendations**

Your Committee is concerned with the operations of Medical Stores Limited as officers seem to flout stores and other related regulations with impunity. Your Committee further observes that irregularities such as these can result in the pilferage of drugs which may not be easily detected. Your Committee strongly cautions the Controlling Officer to, henceforth, closely supervise the management at the Medical Stores Limited and ensure that proper records are kept in order to enhance the accountability of medical supplies. Your Committee further recommends that the Controlling Officer must institute disciplinary action against all the erring officers involved in the irregularity and provide detailed information on how the drugs were used in the respective institutions. Your Committee will await a progress report on the matter.

#### **b) Failure to Dispose of Expired Drugs - K506,448**

The Controlling Officer submitted that out of the reported amount of K506,449 in expired drugs, drugs in amounts totalling K130,216 had been disposed-of and documents were verified by the auditors, leaving a balance of K376,233 as shown in the table below.

He explained that the Ministry had failed to dispose of the expired drugs due to financial constraints. However, management had constituted committees to oversee the disposal of the remaining expired drugs.

<b>Province</b>	<b>Insitution</b>	<b>Amount K</b>	<b>Disposed</b>	<b>Balance</b>	<b>Comment</b>
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			drugs		
Southern	Monze DCMO	62,420	62,420	0	Disposed off
	Kabompo DCMO	5,842	0	5,842	Not disposed
	Mukinge Mission Hosp.	3,024	0	3,024	Not disposed off
North Western	Mwinilunga DCMO	3,520	0	3,520	Not disposed off
Copperbelt	Kitwe DCMO	67,796	67,796	0	Disposed off.
Central	Kapiri Mposhi DCMO	195,528	0	195,528	Not disposed
	Kabwe DCMO	68,303	0	68,303	Not disposed off
Western	Sichili Mission Hospital	39,947	0	39,947	Not disposed off
	Senanga General Hospital	5,019	0	5,019	Not disposed off
Northern	Mbala DCMO	24,216	0	24,216	Not disposed off
	Mpulungu DCMO	26,743	0	26,743	Not disposed off
	Luwingu DCMO	4,091	0	4,091	Not disposed off
<b>Total</b>		<b>506,449</b>	<b>130,216</b>	<b>376,233</b>	

### Committee's Observations and Recommendations



Your Committee strongly urges the Controlling Officer to liaise with the Secretary to the Treasury to secure funds for disposing of the drugs in order to avert the risk of expired drugs being administered to patients. Your Committee awaits a progress report on the matter.

**c) Under Supply of Medical Supplies - K98,825**

The Controlling Officer clarified that there was no discrepancy on the quantities ordered and received from Medical Stores Limited. The dispatch notes from Medical Stores Limited, goods received notes and stock control cards were available for audit verification.

Station	Date	Product Description	Quantity ordered	Quantity received	Variance	Unit Price	Amount K	Comments
Chililabombwe	2/11/2015	CANNULAE IV SHORT, STERILE, DISPOSABLE 24G	1,500	1,500	0	1.13	0	Correct supply
Chililabombwe	2/7/2015	PLUMPY NUT FOOD SUPPLEMENT	16	16	0	33.041	0	Correct supply
Chililabombwe		PARACETAMOL, TAB 100MG	33.00	33.00	0	5.11	0	Correct supply
Lufwanyama	11/2/2015	SODIUM HYPOCHLORITE	495	495	0	7.43	0	Correct supply

		(JIK) 500ML						
Lufwanyama	15/09/15	AMOXICILLIN (TRIHYDRATE), CAP 250MG	35	35	0	2.83	70	Correct supply
Lufwanyama	5/7/2015	AMOXICILLIN (TRIHYDRATE), DRY PWD FOR SUSP, 125MG/	968	968	0	2.76	0	Correct supply
Lufwanyama	10/7/2015	ARTEMETHER + LUMEFANTRIN E, TAB 20/120MG(18)	890	890	0	0.04	310	Correct supply
Lufwanyama	10/7/2015	LEVONORGESTRE L(MICROLUT), TAB 0.03MG, CYCLE	206	206	0	6.47	0	Correct supply
Lufwanyama	16/09/15	CLOXACILLIN SUSP, 125MG/5ML, 100ML BOTTLE	203	203	0	5.00	0	Correct supply
Lufwanyama	24/12/15	BAGS MEDIUM SIZED (SPORTS DESIGN)	38	38	0	0.00	50	Correct supply
Lufwanyama	24/12/15	SPARES REPAIR KITS	0	0	0	71.60	2,90	Correct supply
<b>Total</b>							<b>0</b>	

### Committee's Observations and Recommendations

Your Committee takes great exception at being used as a clearing house for audit queries such as this one which could have been cleared with the Office of

the Auditor General during the audit process. In this regard, your Committee implores the Controlling Officer to institute disciplinary action against the officers responsible for the failure to avail the necessary information at the time of audit. Your Committee further directs that all the documentation be availed to the Auditor General's Office for verification, subject to which the matter should be closed.

## **MINISTRY OF HEALTH**

### **AUDIT QUERY**

### **PARAGRAPH 39**

UNIT : Various  
PROGRAMME : Various  
ACTIVITIES : Various

### **Accounting and Other Irregularities**

39. An examination of accounting and other records maintained at the ten Provincial Health Offices, selected Hospitals, Schools of Nursing, Dental Training school and physical inspections of selected projects, carried out during the period from April to May, 2016 revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Missing Payment Vouchers - K19,446**

The Controlling Officer submitted that the payment vouchers in amounts totalling K7,000 and K12,446.00 that were missing at the Copperbelt Provincial

Health Office and Kitwe School of Nursing had been found and were ready for verification. He informed your Committee that the payment vouchers had been misplaced. However, the accounting officers were currently oriented on record keeping.

### **Committee's Observations and Recommendations**

Your Committee expresses concern over the Ministry's failure to avail information to the auditors during the audit process and only present responses when summoned to appear before it. Your Committee strongly urges the Controlling Officer to institute appropriate disciplinary action against officers responsible for this lapse. Further, the Controlling Officer is urged to ensure that in future, the officers under his jurisdiction cooperate with the Office of the Auditor General as required by law in order to resolve such queries before the Auditor General's Report is finalised. Your Committee however, recommends the matter for closure subject to audit verification.

#### **b) Unsupported Payments- - K318,377**

The Controlling Officer informed your Committee that all the supporting documents for sixty payment vouchers in amounts totaling K318,377 had been found, and were available for verification. See table below.

He explained that the supporting documents were misfiled and the responsible officers were charged. However, the accounting officers had been oriented on record keeping.

<b>Province</b>	<b>Institution</b>	<b>No of Transactions</b>	<b>Amount K</b>	<b>Supported Amount</b>	<b>Unsupport ed Amount</b>
N/Western	Provincial Medical Office	3	26,009	26,009	0
	Solwezi School of Nursing	7	44,995	44,995	0
Southern	Provincial Medical Office	3	8,715	8,715	0
Central	Provincial Medical Office	20	77,308	77,308	0
Copperbelt	Provincial Medical Office	7	45,550	45,500	0
	Kitwe School of Nursing	19	110,400	110,400	0
	Nchnaga North Gen. Hospit	1	5,400	5,400	0
	<b>Total</b>	<b>60</b>	<b>318,377</b>	<b>316,077</b>	<b>0</b>

### **Committee's Observations and Recommendations**

Your Committee is concerned with the casual manner in which the matter was dealt with as it was only acted upon outside the audit process. Your Committee, in this regard, urges the Controlling Officer to ensure that internal controls are enhanced to avoid recurrence. Your Committee, however, recommends the matter for closure subject to audit verification.

#### **c) Weaknesses in the Management of Imprest –**

##### **i) Unretired Accountable Imprest - K400,290**

The Controlling Officer submitted that the accountable imprest in amounts totaling K400,290 issued to seventeen (17) Officers during the period under review had been retired. The charge letters were issued to the responsible officers for failure to retire imprest on time and the relevant documents were available for audit verification.

<b>Province</b>	<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>	<b>Retired Amount</b>	<b>Unretired Amount</b>
<b>N/Western</b>	Provincial Medical Office	5	99,490	99,490	0
	Mukinge School of Nursing	3	103,835	103,835	0
<b>Eastern</b>	Chipata School of Nursing	1	38,041	38,041	0
<b>Northern</b>	Provincial Medical Office	6	147,674	147,674	0
<b>Copperbelt</b>	Provincial Medical Office	2	11,250	11,250	0
<b>Total</b>		<b>17</b>	<b>400,290</b>	<b>400,290</b>	<b>0</b>

### **Committee’s Observations and Recommendations**

Your Committee is disappointed that the Controlling Officer did not take any action on this irregularity before the matter was raised by the Auditor General. Your Committee sternly urges the Controlling Officer to ensure that internal controls at the Ministry are strengthened to avert recurrence of such irregularities. Your Committee further directs the Controlling Officer to ensure that the traced documents are submitted to the Office of the

Auditor General for audit verification after which the matter should be closed.

ii) **Irregular Use of Accountable Imprest to Procure Goods and Services - K68,596**

The Controlling Officer submitted that the concerned institutions had been warned and instructed to follow procurement procedures. Further, a circular had been issued in 2014, prohibiting the procurement of goods and services using accountable imprest.

He further explained that the use of imprest under North-Western Province was necessitated by the remoteness of the place and most of the items were obtained from small scale individuals from the markets who could not accept cheques due to lack of bank accounts.

With regard to Kitwe School of Nursing, your Committee was informed that imprest amounting to K1,771.00 was drawn to procure small value assorted goods from different shops. The responsible officers had also been charged and the practice had since been discontinued. The Controlling Officer further informed your Committee that the copies of charge letters were available for audit verification. Further, the Kitwe School of Nursing had also been advised to use petty cash for procurement of small value items.

<b>Province</b>	<b>Institution</b>	<b>No of Officers</b>	<b>Amount</b>	<b>Accounte d Amount</b>	<b>Comment</b>
N/West.	Provincial Med,	2	23,500	23,500	Responsible officer

Province	Office				has been reprimanded. P
	Mukinge Nurs. Sch	1	15,000	15,000	Responsible officer has been reprimanded
	Solwezi Nurs Sch	3	23,350	23,350	Responsible officer has been reprimanded
	Solwezi Gen Hospital	3	4,975	4,975	Responsible officer has been reprimanded
Copperbelt	Kitwe School of Nursing	1	1,771	1,771	Responsible officer has been reprimanded
<b>Total</b>		<b>10</b>	<b>68,596</b>		

### **Committee's Observations and Recommendations**

Your Committee observes that the use of imprest to procure goods and services is highly irregular and in contravention of the Financial Regulations. Your Committee strongly urges the Controlling Officer to ensure that officers are sternly cautioned to adhere to the provisions of the financial regulations to avoid recurrence of such irregularities. Your Committee, however, recommends the matter for closure subject to audit verification

#### **iii) Questionable Retirement of Imprest – PHO-Western Province - K8,940**

The Controlling Officer explained that the officers were given a subsistence allowance for four nights but completed their tasks within 3 days. They had since paid back the one-day subsistence allowance. The deposit slips and the general receipts were available for audit verification. He further informed your Committee that the officers actually travelled using a different driver whose log book and activity report were also



available for verification. The funds meant for the initial driver were given to the driver who travelled with the officers. The supporting documents were also made available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee strongly cautions the Controlling Officer to stop the practice of not availing supporting documents during the audit process forthwith. Your Committee also urges him to institute disciplinary action against the officer (s) who failed to provide the supporting documentation to the auditors. Your Committee further requests the Office of the Auditor General to verify the Controlling Officer's response after which the matter should be closed.

iv) **Failure to Compute Fuel Imprest Using Prescribed Formula – Southern Province (PMO) - K6,845**

The Controlling Officer informed your Committee that after recalculating using the prescribed formula, the computations for two officers were correct. However, only one officer's fuel allowance was overpaid by K508.65. This amount had been paid back and the responsible officer had been warned and instructed to use the prescribed formula. The supporting documentation was availed for audit verification.

### **Committee's Observations and Recommendations**

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

v) **Failure to Produce Activity Reports - K153,197**

The Controlling Officer submitted that the reports for amounts totaling K153,197 paid to thirteen officers to carry out activities such as monitoring, inspection and evaluation of projects were available for verification. He informed your Committee that the officers did not submit the reports at the time of audit. However, they had since been warned against the delay in the submission of activity reports.

<b>Province</b>	<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>	<b>Produced Reports</b>	<b>No Reports</b>
N/Western	Provincial Medical Office	1	5,524	5,524	0
Copperbelt	Provincial Medical Office	6	85,262	5,262	0
	Kitwe School of Nursing	6	62,411	2,411	0
<b>Total</b>		<b>13</b>	<b>153,197</b>	<b>153,197</b>	<b>0</b>

**Committee's Observations and Recommendations**

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

**d) Failure to Produce Expenditure Returns – PMO (Copperbelt Province) - K2,400**

The Controlling Officer informed your Committee that the Kitwe School of Nursing had not submitted the expenditure returns for the Ebola training amounting to K2, 400.00 because the funds had not been spent and were in the bank account for the institution. The sensitisation exercise had already been undertaken using funds from the Kitwe District Medical office. The funds had since been remitted back to the Provincial Medical Office and the supporting documents were available for audit verification.

**Committee’s Observations and Recommendations**

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

**e) Irregular Payment of Allowances**

**i) Subsistence Allowances - K199,169**

With regard to North-Western Province (Mukinge School of Nursing), the Controlling Officer submitted that at the time of audit, an amount totaling K16,440.00 was correctly paid to officers from Solwezi. However, an amount totaling K15,855.00 which was wrongly paid was being recovered through the payroll. The supporting documents were available for audit verification.

Regarding Eastern Province (Chipata General Hospital), the Controlling Officer acknowledged the fact that officers were wrongly paid subsistence allowance for undertaking activities at Msipazi which was within the district. However, the responsible officer was charged and recoveries for amounts totaling K166,874 had been effected from the salaries of the fifty two affected employees. The charge letter and pay slips were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer to act only within the provisions of the Terms and Conditions of Service for the Public Service in future, to avoid recurrence of this anomaly. Your Committee further urges the Controlling Officer to ensure that the outstanding balances are recovered without further delay. Your Committee awaits a progress report on the matter.

#### **ii) Night Coverage Allowance – Solwezi General Hospital (N/Western Province) – K43,800**

The Controlling Officer explained that the questionable allowances was not a commuted night duty allowance, but was an incentive which was given to Officers who worked as Night Coverage Nurses (supervisors) to motivate them for extra duties assigned to them since the establishment for the same positions at the institution were frozen. He informed your Committee that management was making every effort to ensure that the positions were unfrozen. Further, the payments were made from locally generated funds.

The Controlling Officer further submitted that the Ministry had written to the Secretary to the Cabinet requesting for authority to use locally generated funds to pay officers who were assigned to perform extra duties. The supporting documents were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee notes the response but strongly urges the Controlling Officer to desist from willfully disregarding Government procedures. The matter was however, recommended for closure subject to audit verification.

#### **iii) Responsibility Allowance - Mukinge School of Nursing - K6,500**

The Controlling officer submitted that the Principal Tutor who was irregularly paid the responsibility allowance amounting to K6,500.00 for the period from October to December, 2015 had been reprimanded. Recoveries had been effected and the supporting documents were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee resolves not to close the matter until all the recoveries are effected and will therefore, await a progress report.

#### **f) Failure to Recover Loans and Advances - K162,167**

The Controlling Officer submitted that recoveries in respect of salary and tuition advances amounting to K162,167 paid to seventy one officers during the period under review were running. The responsible officers had been charged for failing to recover loans and advances on time. The pay slips were available for verification. See table below.

Province	Station		No. of Officers	Salary Advance K	Tuition Advance K	Total K	Comments
Southern	Provincial Office	Medical	2	6,667	-	6,667	Recoveries running
N/Western	Provincial Office	Medical	41	97,900	-	97,900	Recoveries running
Copperbelt	Provincial Office	Medical	5	12,100	-	12,100	Recoveries Running
	Kitwe Hospital	Central	15	19,500	-	19,500	Recoveries Running
Central	Provincial Office	Medical	7	13,000	9,000	22,000	Recoveries Running
Lusaka	Provincial Office	Medical	1	4,000	-	4,000	Recoveries Running

<b>Total</b>		<b>71</b>	<b>153,16</b>	<b>9,000</b>	<b>162,16</b>	
			<b>7</b>		<b>7</b>	

**Committee’s Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer against making decisions that are contrary to the Terms and Conditions of Service for the Public Service. Your Committee urges him to ensure that internal controls are strengthened in order to avoid the recurrence of this irregularity. Your Committee further urges the Controlling Officer to ensure that recoveries are effected from the concerned officers without further delay. Your Committee awaits a progress report on the matter.

**g) Questionable Refunds – Kabwe PMO – K13,414**

The Controlling Officer submitted that the refunds amounting to K13,414 made to various officers in respect of various activities undertaken that were reported to be questionable, were actually claims for additional days spent outside the station on duty. He explained that prior authority was sought for the additional days paid to the officers and the supporting documents were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee observes that the failure to avail documentary evidence during the audit process is a serious omission and disciplinary action should be taken against the erring officers in this regard. Your Committee therefore,

will await a progress report on the matter.

#### **h) Unaccounted for Stores - K96,420**

The Controlling Officer submitted that various stores items costing K96,420 (general stores – K80,312 and fuel – K16,108) procured during the period under review had been accounted for and the receipt and disposal details were available for audit verification.

He informed Your Committee that officers had continued to be oriented on stores management and there was a great improvement in the management of stores. He further added that the responsible officers had been warned and cautioned for failure to maintain proper records.

<b>Province</b>	<b>Institution</b>	<b>General Stores K</b>	<b>Fuel K</b>	<b>Total K</b>	<b>Accounted amount</b>	<b>Comment</b>
Luapula	Mansa General Hospital	14,760	-	14,760	14,760	Goods returned to supplier
Copperbelt	Provincial Medical Office	32,889	2,500	35,389	35,389	Documents available
	Kitwe Central Hospital		13,608	13,608	13,608	Documents available
	Kitwe School of	19,295		19,295	19,295	Documents available



	Nursing					
Western	Provincial Medical Office	13, 369	-	13,3 69	13,369	Document s available
<b>Total</b>		<b>80,3</b> <b>12</b>	<b>16,10</b> <b>8</b>	<b>96,42</b> <b>0</b>		

### **Committee's Observations and Recommendations**

Your Committee directs that the stores records in question should be availed to the Office of the Auditor General for audit verification, after which the matter should be closed.

#### **i) Irregular Procurement of Graduation Attire – Mukinge School of Nursing (N/Western Province) – K15,000**

The Controlling Officer informed Your Committee that his office had issued a circular to all training institutions prohibiting them from procuring suits for graduation ceremonies. The Principal Tutor had been reprimanded and recoveries were being made from the officers involved.

### **Committee's Observations and Recommendations**

Your Committee directs that recoveries must be effected against the affected

officers without further delay and will await a progress report.

**j) Cannibalising of Government Vehicle – Kasama School of Nursing (Northern Province) - K57,141**

The Controlling Officer explained that the stripped vehicle at Kasama School of Nursing had outlived its life span after being in service for 20 years from the time it was procured in 1992. In that regard, the repair of the vehicle was not economical as it was rendered obsolete. The Controlling Officer further explained that due to erratic funding in the Province, some parts were used to repair an ambulance and other utility vehicles. The job cards showing the removed parts being used on other utility vehicles were available for audit verification.

He further submitted that the responsible officer had been charged for failure to follow government procedures and had been oriented on the procedures for disposing of obsolete assets.

**Committee’s Observations and Recommendations**

Your Committee observes that the failure to avail job cards showing the removed parts being used on other utility vehicles during the audit process is a serious omission that should attract disciplinary action against the erring officers. Your Committee, however, recommends the matter for closure subject to audit verification.

**k) Failure to Mark GRZ Property - K472,259**

The Controlling Officer submitted that assets worth K355,240 belonging to the Government had been clearly marked with the GRZ identification numbers, leaving a balance of K117,019 worth of assets unmarked. Follow-ups had been made with the Office Equipment Department under the Ministry of Works and Supply to have the remaining assets labelled. See table below

<b>Province</b>	<b>Institution</b>	<b>No. of Transactions</b>	<b>Amount K</b>	<b>Comments</b>
Copperbelt	Provincial Medical Office	4	47,049	Not Marked
	Kitwe Central Hospital	15	146,754	Marked
	Kitwe School of Nursing	8	39,065	Marked
	Nchanga North Gen. Hospital	11	69,970	Not Marked
Eastern	Chipata School of Nursing	9	130,636	Marked
N/Western	Provincial Medical Office	1	14,500	Marked
Lusaka	Provincial Medical Office	3	24,285	Marked
<b>Total</b>		<b>51</b>	<b>472,259</b>	

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to act on the matter proactively as efforts to make follow ups to the Ministry of Works and Supply were only made after the audit. Your Committee implores the Controlling Officer to follow up the matter and ensure that the remaining assets in the Ministry are inscribed without further delay. Your Committee awaits a progress report on the matter.

#### **l) Failure to Insure Government Properties**

The Controlling Officer informed your Committee that the Ministry of Works and Supply was contacted to determine the value of the properties and the Ministry guided that insurance of government properties was the responsibility of each Ministry.

The Controlling Officer assured your Committee that the Ministry of Health would endeavour to insure the building and properties depending upon availability of funds. The letters were available for audit verification.

#### **Committee's Observations and Recommendations**

Your Committee observes that the budgetary provision for the Ministry is expected to factor in such expenses as it is mandatory for all Government assets to be insured. Your Committee strongly urges the Controlling Officer to ensure that the necessary funds to insure the Government properties in question are secured in order to avoid the possible loss of this property in an event of a calamity. Your Committee awaits a progress report on the matter.

**m) Failure to Use GRZ receipts – (N/Western Province) – K2,699,018**

The Controlling Officer submitted that it was regrettable that Mukinge School of Nursing and Solwezi General Hospital were using privately printed revenue receipts instead of the recommended Government receipt books which were obtainable from the Strong Room Superintendent of Ministry of Finance. He informed your Committee that a circular instructing all institutions to start using receipts from the Ministry of Finance was issued by his office and the two institutions had started using the correct receipt books.

**Committee’s Observations and Recommendations**

Your Committee is concerned that private receipt books were being utilised to receipt Government revenue. Your Committee observes that this is fraudulent and is directly in contravention of the Financial Regulations. Your Committee urges the Controlling Officer to take immediate disciplinary action against the officers responsible for this disregard of Financial Regulations and to sternly caution the management of the two institutions against the practice. Your Committee awaits a progress report on the matter.

**n) Unaccounted for Revenue – Solwezi General Hospital (North-Western Province) - K59,876**

The Controlling Officer submitted that the revenue in question was deposited. However, the deposit slips were misplaced. The deposit slips amounting to K59, 876.00 had since been found and the transaction could be traced on the

bank statements. The supporting documents were made available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses serious concern over this matter as it also reveals that bank reconciliations are not regularly done at the institution. Therefore, your Committee urges the Controlling Officer to ensure that erring officers are disciplined for the anomaly. Your Committee will await a report on the matter.

#### **o) Infrastructure Development**

##### **i) Violation of Public Procurement Act/Regulations - Central Province**

The Controlling Officer submitted that procurement procedures were followed for various infrastructure development projects undertaken in Central Province. He informed your Committee that the procurements were approved by the Provincial Administration Procurement Committee and in some cases, procurement was done at the Ministry headquarters. The solicitation documents and evaluation reports were prepared and were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee observes that officers are taking advantage of the evidently weak internal control systems in the procurement and implementation of the works in the Province, a situation that if left unresolved can be used as a

conduit for fraudulent activities as officers can easily connive with the contractors. Your Committee directs that management must further investigate this issue as it is unclear why solicitation documents and evaluation reports, among others, were not made available, contrary to the Public Procurement Act. Your Committee awaits a progress report on the matter.

## **ii) Delayed Completion of Projects and Poor Workmanship**

The Controlling Officer explained that the delay in completing the projects had been caused by the non-availability of funds and the delayed issuance of certificates by the Buildings Department. He informed Your Committee that his Ministry would engage the Provincial Buildings Engineer instead of waiting for engineers from the Buildings Department headquarters in Lusaka in order to avoid further delays in completing the projects.

The following update on the projects was given by the Controlling Officer.

### **1) Eastern Province**

- **Vubwi District Hospital – Phase I**

The contractor had made progress on both the Administration and OPD blocks. He was paid part of the Interim Certificate No. 2 in amounts totalling K1,167,355.11 making the total amount paid to date K 3,781,374.04. Further, the administration block was at gable level and the OPD superstructure block work was on going, as well as the external works.

## **Committee's Observations and Recommendations**

Your Committee observes that the failure to implement the project on time deprives the targeted groups access to the infrastructure and delays development in the Province. Your Committee, therefore, urges the Controlling Officer to ensure that the outstanding works are completed without further delay. Your Committee will await a progress report on the matter.

- **Vubwi – Pharmacy Block**

The construction of the pharmacy was not implemented in time because of delays in resolving the issue of the site for its construction. Your Committee was informed that the contractor was currently on site and works were in progress. So far, the construction of the superstructure had been completed, pending roof construction.

## **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the outstanding works are completed without further delay. Your Committee will await a progress report.

- **(Chadiza District) - Nzadzu Health Post**

The contractor was given an extension of time and had been advised to increase the workforce in order to complete the project within the extended period as



failure to do so would result in a recommendation for the termination of the contract. Your Committee was informed that the contractor was currently on site and was working on the outstanding works. The dining hall and its paint works were in progress and fitting of the ceiling and installation of the conduit pipes and lighting points, had been completed on the staff house.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the targeted beneficiaries are not enjoying the facility as a result of delays in the completion of the project. In this regard, your Committee urges the Controlling Officer to ensure that the project is completed without further delay. Your Committee will await a progress report on the matter.

- **Construction of Lundazi District Hospital Phase III**

The contractor had made progress. The walls were being erected on the four houses that were at slab level at the time of audit. The Controlling Officer submitted that works on the superstructure of the female and children's ward were also progressing.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the outstanding works are completed without further delay and will await a progress report.

## **2) Southern Province**

- **Namwala District Hospital – Phase III**

The Controlling Officer submitted that the construction of Namwala Phase III commenced in June 2016, at a cost of K10,298,558.13. The works were at superstructure level and the contractor had been paid K2,013,974.02. Your Committee learnt that the Ministry of Works and Supply had given the contractor the drawings for the work to proceed. Further, the completion date was also extended.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the outstanding works are completed without further delay and will await a progress report.

- **Gwembe District Hospital – Phase II**

The progress of work was as stated in the report and the delays in works were due to delayed payments and poor soil conditions. The challenges had, however, been overcome.

**Committee’s Observations and Recommendations**

Your Committee observes that the targeted beneficiaries are not enjoying the facility as a result of delays in the completion of the project. Your Committee, in this regard, urges the Controlling Officer to ensure that the project is

completed without further delay. Your Committee awaits a progress report on the matter.

- **Kazungula District Hospital – Phase I**

The contractor was on site and had made progress on the outstanding works on the OPD, administration block and external works. Currently, the works were 80% complete. Your Committee was informed that the contractor was currently undertaking final works to the buildings and was expected to complete them in two months' time.

#### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the outstanding works are completed without further delay and will await a progress report.

### **3) Western Province**

- **Mongu District Hospital – Phase III**

The contractor was on site and works on the six staff houses, children's ward, female ward and external works were in progress. The Controlling Officer informed your Committee that all the buildings had been roofed and the contractor was now working on the fittings. He submitted that the delays in works were due to the delays in payments.

#### **Committee's Observations and Recommendations**

Your Committee expresses concern that projects are being delayed on account of delayed payments and urges the Controlling Officer to liaise with the Secretary to the Treasury to ensure timely release of funds meant for projects. Your Committee awaits a progress report on the matter.

- **Lukulu District Hospital – Phase II**

Your Committee was informed that the contractor was on site. Works on the maternity ward, theatre block, service block, four staff houses, incinerator, and mortuary were ongoing and the contractor had made considerable progress despite delays in payments.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that projects are being delayed on account of delayed payments and urges the Controlling Officer to liaise with the Secretary to the Treasury to ensure timely release of funds meant for projects. Your Committee awaits a progress report on the matter

- **Mulobezi District Hospital Phase II**

The contractor was on site. Works on the administration block, OPD, X-Ray, laboratories, maternity and water supply were complete. Your Committee was informed that the defects observed by the auditors were being attended to as the contractor was within the defects liability period.

## **Committee's Observations and Recommendations**

Your Committee expresses concern at the delay in completing this project. Your Committee urges the Controlling Officer to ensure that the project is closely supervised in order to ensure that the works are executed accordingly. Your Committee further urges the Controlling Officer to ensure that the works are expeditiously completed. Your Committee will await a progress report on the matter.

### **4) North-Western Province**

- **Ikelengi**

The Controlling Officer stated that the progress of work was as stated in the report. He explained that the delays in works were due to delays in payments. Your Committee was informed that the contractor had been urged to speed up the works.

## **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the outstanding works are completed without further delay and will await a progress report.

### **5) Northern Province**

- **Chilubi District Hospital – Phase II**

The progress of work was as stated in the report and delays in works were due to delays in payments. The Controlling Officer submitted that the contractor would continue with all the works once funds were made available.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the targeted citizens will not enjoy facilities timely and urges the Controlling Officer to ensure that adequate budgetary provisions are made before projects are embarked upon. Your Committee further urges the Controlling Officer to liaise with the Treasury on the possibility of securing funds to complete the project. Your Committee awaits a progress report on this matter.

- **Mungwi District Hospital – Phase I**

The works on the administration, OPD/Xray and maternity blocks were ongoing and the trusses had been fitted and the building was awaiting roofing. The external works and water reticulations were also in progress. The works on staff houses and double VIP toilets had been completed and were ready for verification.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the outstanding works are completed without further delay and will await a progress report on the matter.

## **6) Central Province**

- **Kabwe - Completion of Chililalila Health Post**

The Controlling Officer explained that the project had delayed because the contractor was still awaiting instructions from the Provincial Buildings Engineer's Office to work on the staff house which had erroneously been omitted during the tendering process. The contractor had, however, been instructed to get back to the site and complete the works.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the project is delayed because of the failure by the Provincial Buildings Engineer's Office to issue instructions to the contractor, therefore, depriving the intended beneficiaries the benefits of the project. Your Committee strongly urges the Controlling Officer to ensure that disciplinary action is instituted against the concerned officers for failing in their duty. Your Committee further urges the Controlling Officer to ensure that the

works are expeditiously completed and will await a progress report on the matter.

- **Kabwe - Construction of Staff house and VIP at Muunga Health Post**

The project delayed due to the Provincial Buildings Engineer's Office delay in issuing instructions for the construction of the VIP toilets which had erroneously been omitted during the tendering process. The contractor was, however, back on site after being paid and works were progressing well.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the project is delayed because of the failure by the Provincial Buildings Engineer's Office to issue instructions to the contractor, therefore, depriving the intended beneficiaries the benefits of the project. Your Committee strongly urges the Controlling Officer to ensure that disciplinary action is instituted against the officer concerned for failing in their duty. Your Committee further urges the Controlling Officer to ensure that the works are expeditiously completed and will await a progress report on the matter.

- **Chibombo - Construction of Staff house at Chibombo Health Centre**

The Controlling Officer submitted that contractor was initially not on site because he was still awaiting payment. The contractor was, however, currently on site after being paid and works were progressing well.

**Committee's Observations and Recommendations**



Your Committee urges the Controlling Officer to ensure that the outstanding works are completed without further delay and will await a progress report on the matter.

- **Chibombo - Construction of Staff house and 3No. VIPs at Namakolongo Health Post**

Your Committee was informed that the contractor was initially not on site as he was still awaiting payment. However, the Contractor had since moved on site and the works were progressing well. The Controlling Officer submitted that the defects cited were also observed by the Infrastructure Officer who communicated to the contractor who undertook to attend to them as he progressed with other works.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the outstanding works are completed without further delay and will await a progress report on the matter.

- **Chitambo - Construction of Staff house and VIP at Katikulula Health Post**

The Contractor was initially not on site as he was still awaiting payment. He had, however, currently moved on site and the works were progressing well.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the outstanding works are completed without further delay and will await a progress report on the matter.

- **Serenje - Construction of Serenje District Hospital Phase III**

Your Committee was informed that the delay was caused by the slow issuance of completion certificates by the Building Department headquarters. However, payments were made and the works were progressing well. The Controlling Officer assured your Committee that in future, the Ministry would request the services of the Buildings Department in the Province to avoid delays.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the project is delayed because of the slow issuance of completion certificates by the Building Department Headquarters, therefore, depriving the intended beneficiaries the benefits of the project. Your Committee strongly urges the Controlling Officer to ensure that disciplinary action is instituted against the officers responsible for the delay for failing in their duty. Your Committee further urges the Controlling Officer to ensure that the works are expeditiously completed. Your Committee will await a progress report on the matter.

- **Serenje - Construction of Staff house and VIP Toilet and Shower at Musamani Health Post**

The contractor was initially not on site due to non-payment of the certified works. The contractor had since completed the works and was waiting for final inspection. All defects observed were being attended to as the contractor was within the defect liability period.

### **Committee's Observations and Recommendations**

Your Committee resolves to await a progress report on the current status of works.

- **Mkushi - Construction of Mkushi District Hospital, Phase II**

The delay was caused by the slow issuance of completion certificates by the Building Department headquarters. However, payments were made and the works were progressing well.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the project has been delayed because of the slow issuance of completion certificates by the Building Department headquarters, therefore, depriving the intended beneficiaries the benefits of the project. Your Committee strongly urges the Controlling Officer to ensure that disciplinary action is instituted against the officers responsible in the delay for failing in their duty. Your Committee further urges the Controlling Officer to

ensure that the works are expeditiously completed. Your Committee will await a progress report.

- **Construction of Mkushi District Hospital, Phase III**

The delay was caused by the slow issuance of completion certificates by the Buildings Department headquarters. However, payments were made and the works were progressing well.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the project is delayed because of the slow issuance of completion certificates by the Building Department headquarters, therefore, depriving the intended beneficiaries the benefits of the project. Your Committee strongly urges the Controlling Officer to ensure that disciplinary action is instituted against the officers responsible for the delay for failing in their duty. Your Committee further urges the Controlling Officer to ensure that the works are expeditiously completed. Your Committee will await a progress report on the matter.

- **Kapiri Mposhi - Construction of Kashitu Health Post**

The works delayed due to non-payment. However, the works on the project were currently progressing well. And the defects cited were also observed by the Infrastructure Officer and communicated to the contractor who had undertaken to attend to them as he progressed with other works.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the delay in completing this project. Your Committee urges the Controlling Officer to ensure that the project is closely supervised in order to ensure that the works are executed accordingly. Your Committee further urges the Controlling Officer to ensure that the works are expeditiously completed. Your Committee will await a progress report on the matter.

- **Kapiri Mposhi - Construction of Kakulu Health Post**

The project had since been completed and a nurse was occupying the house. The installation of solar power was changed to hydro power during the site handover to the contractor as the health centre was connected to the ZESCO national grid. The defects cited had been noted and the contractor had agreed to go back and correct them.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the outstanding works are completed without further delay and will await a progress report.

## **7) Muchinga Province**

- **Mpika Urban Clinic - Staff House**

The works delayed due to the non-payment of the contractor and the works would only be completed once the payment was made.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the targeted citizens will not benefit from the facilities timely and urges the Controlling Officer to ensure that adequate budgetary provisions are made before projects are commenced. Your Committee further urges the Controlling Officer to liaise with the Treasury on the possibility of securing funds to complete the project. Your Committee will await a progress report on the matter.

## **MINISTRY OF WORKS AND SUPPLY**

### **AUDIT QUERY**

### **PARAGRAPH 40**

DEPARTMENTS : Various  
UNIT : Various  
PROGRAMMES : Various  
ACTIVITIES : Various

### **Accounting and other Irregularities**

40. An examination of accounting and other records maintained at the Ministry headquarter carried out in May 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### **a) Unaccounted for Stores – K120,000**

The Controlling Officer submitted that at the time of the audit the disposal details were not available because of the death of the Senior Transport Officer. He added that the disposal details such as goods received notes

issued vouchers and fuel coupons were now available for audit verification. The Ministry had instituted measures to ensure that all fuel payments should be accompanied by audited fuel reconciliation statements.

### **Committee's Observations and Recommendations**

Your Committee expresses concern with the poor record keeping at the Ministry. Your Committee finds it unacceptable that the death of an officer is used as an excuse for not availing the necessary documents at the time of the audit, this points to poor supervision of officers responsible for keeping records. The Controlling Officer is urged to put in place stringent measures aimed at maintaining an up to date records to avoid the recurrence of the query. Your Committee also urges the Controlling Officer to take disciplinary action against the officers responsible for the failure to keep up to date records, including the supervision of officers. Your Committee will await a progress report on the matter.

#### **b) Partial Delivery of Equipment and Passenger Vessels – K69,954,619, K106,419,638 and K26,979,941**

##### **i) Herpworth Supplies and Innovative Materials Systems JV**

The Controlling Officer submitted that the contractor had notified the Ministry that the equipment had arrived at the Port of Walvis Bay, Namibia in transit and was awaiting transportation to Zambia. However, the contractor had indicated that he had financial challenges to transport the equipment to Zambia and he was seeking payment of 5% of the



contract sum to enable him fulfill the contractual obligation as he was only paid a total of 85% as opposed to 90% (25% advance payment 30 days after contract signature plus 65% upon presentation of shipping documents).

The Ministry had since written to the Ministry of Finance to release funds to pay the contractors but, due to financial constraints the funds had not been released. The contractor had been requested to transport and deliver the dredgers to Lusaka using its source of funds as government was making frantic efforts to pay the balance to avoid demurrage charges.

### **Committee's Observations and Recommendations**

Your Committee is concerned that the Ministry has not paid the contractor the full amount as provided in the contract resulting in the delay in the delivery of the dredgers. The Controlling Officer is urged to ensure that the contractor is paid the full amount in the 2017 budget under dismantling of arrears. Further, your Committee urges the Controlling Officer to ensure that adequate funds are available before embarking on such projects. Your Committee resolves to await a progress report on the matter.

#### **ii) MCD Civil and Mechanical Engineering**

The Controlling Officer submitted in July, 2016 at the invitation of the contractor, a pre-shipment inspection of the equipment was carried out in the Netherlands by the combined team of external auditors and Ministry.

The equipment was inspected, certified and thereafter the contractor was given a go ahead to ship the equipment to Zambia. The contractor had since started shipping the equipment with the first consignment expected in Lusaka at the end of November, 2016.

### **Committee's Observations and Recommendations**

Your Committee is dismayed to learn how the contract was given to the company when records at the Patents and Companies Registration Agency (PACRA) were different from the company that was paid. Your Committee calls for an investigation into this matter by the government investigative wings. In addition, it is disheartening that despite the payments made, only three out of twelve dredgers have been delivered. Your Committee strongly recommends that the Ministry must give the contractor a deadline by which date all the dredgers must be delivered failure to which the Ministry must fully enforce its contractual rights. Your Committee resolves to await a progress report on the investigative process and delivery of the remaining dredgers.

#### **iii) Multi Industry Ltd**

The Controlling Officer submitted that the first vessel had since arrived in the country and was in the process of being handed over to Government. The other two vessels were still in the process of being

manufactured in China and the contractor had been urged to expedite delivery of the equipment.

The Ministry had since written to the Treasury requesting for the release of funds to pay the contractor the outstanding balance. However, the Ministry had taken note of the observation by the Auditors and would in future ensure that the terms of payment in the contract were followed to avoid similar occurrences as in the above cases.

This would ensure scheduled delivery on the part of the supplier and would mitigate unnecessary additional costs to Government associated with currency depreciation, interest payments and demurrage charges.

### **Committee's Observations and Recommendations**

Your Committee is concerned with the general awarding of contracts by the Ministry. While appreciating that one passenger vessel has since been delivered, the contractor has not only failed to deliver the vessels within the stipulated time, but also two have not yet been delivered. Your Committee urges the Controlling Officer to ensure that the contractor is given a deadline by which the passenger vessels must be delivered failure to which the Ministry should enforce its rights under the contract in full. Your Committee resolves to await a progress report on the matter.

#### **iv) Failure to Commission Commercial Web Offset Printing Press – K40,622,832**

The Controlling Officer submitted that all the Commercial Web Offset Printing Press components, apart from the dedicated cable, had been received and installed. However it could not be commissioned because of non-availability of funds to pay the supplier the outstanding balance and to procure the dedicated cable which was supposed to facilitate connectivity to the national electricity grid.

Your Committee learnt that the Ministry had engaged the Ministry of Finance to consider funding the outstanding balance to enable the completion of the procurement process and consequently commissioning of the machine. However, by the time of the audit, the Ministry of Finance had not provided the requisite funds due to other pressing national issues that needed urgent attention.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the supplier is paid the full amount in the 2017 budget under dismantling of arrears. Your Committee resolves to await a progress report on the matter.

## **MINISTRY OF TRANSPORT, WORKS AND SUPPLY AND COMMUNICATIONS**

### **AUDIT QUERY**

### **PARAGRAPH 41**

DEPARTMENT : 07 Buildings

ACTIVITIES : Infrastructure Development – New Districts

## **Accounting and other Irregularities**

41. A review of the situation carried out in March, 2016 in relation to paid certificates and visits to selected sites in the company of the Provincial Buildings Engineer and Project Supervisors, revealed various weaknesses, to which the Controlling Officer responded as set out below.

### **a) Payments for works not done- K225,110**

The Controlling Officer regretted that at the time of the audit it was established that some contractors were paid for works not done. It was explained that the cause of this was negligence on the part of the Project Managers supervising the projects in question. The Ministry had since engaged all Project Managers to avoid inclusion of works not yet done on the certificates for payment.

To correct this anomaly on the affected project, the Ministry undertook to recover through a deduction from the final payment once the project was completed. He further submitted that all the above contractors had completed the outstanding works and was now ready for audit verification.

Project Name	Page	Item	Contract Claim K	Works Not Done K	STAUS
Construction of Post Office and associated external works	3/5'	Bituminous Painting and Decorating	6,610	6,610	Works completed and ready for verification
Construction of District Council Office Block, 2No. High Cost Houses Type II and associated external works	1/5'	3.05 Temporary Name Boards	6,500	6,500	Works completed and ready for verification
	1/5'	3.07 Maintenance of existing services	2,000	2,000	Works completed and ready for verification
	1/6'	3.09 Temporary Accommodation for use of Employer	58,000	58,000	Works completed and ready for verification
Construction of 20 Low Cost Houses and associated external works in Chembe District Lot -4	1/6'	3.09 Temporary Accommodation for use of Employer	140,000	112,000	Works completed and ready for verification
	1/7'	Telephone for use by Employer	50,000	40,000	Works completed and ready for verification
			<b>263,110</b>	<b>225,110</b>	

To further enhance transparency at certification stage for payment, the Ministry had instituted a technical team to supervise construction of public infrastructure at provincial and district levels. Further, in trying to enhance management of projects at district level, the Ministry, through the Public Service Management Division (PSMD) requested for authority to allow the engagement of suitably qualified personnel to support the Provincial Buildings Engineer's by enlarging the technical staff establishments at district level.

In addition, the newly created Ministry of Housing and Infrastructure Development was intended to address the noted fragmentation in the supervision mechanisms for infrastructure development nationwide. It was expected that of the new Ministry would strengthen supervision mechanisms for public infrastructure as the existing engineers, architects and quantity

surveyors would now fall under one Ministry as opposed to the previous situation where these were under the supervision of different Controlling Officers.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that the Ministry paid the contractors for works not done despite having project managers on site. This is a clear case of indiscipline and negligence of duty. Your Committee urges the Controlling Officer to institute disciplinary action against the project managers in order to avoid the recurrence of this anomaly. Your Committee resolves to close the matter subject to audit verification.

#### **b) Irregular payments – K5,223,126**

The Controlling Officer submitted that this anomaly was attributed to the use of Time Related Formulae by the project managers in the affected projects as opposed to Value Related Formulae for disbursement of the preliminary and general items. This change in formula was necessary to safeguard public resources and to ensure transparency as it was easy to calculate. The full payment of 80 per cent of preliminaries and general items should only be made once the project was 100 per cent complete.

To correct the anomaly, the Ministry had informed the affected project manager of the pending recovery of the monies paid to contractors using the Time Related Formula. Project managers had further been instructed to

revisit the previous computation for payments and recover over-payments in the next interim payment certificates.

### **Committee's Observations and Recommendations**

Your Committee is concerned over the apparent reluctance by the Controlling Officer to deal with the erring project managers who clearly are in collusion with contractors by facilitating payments without due regard to laid down procedures. Your Committee strongly recommends that the Controlling Officer must ensure that the amounts involved are fully recovered without any further delay. Further, the Controlling Officer should institute disciplinary action against the project managers. Your Committee resolves to await a progress report on the matter.

#### **c) Abandoned contracts – K5,438,098**

The Controlling Officer informed your Committee that a number of contracts had been terminated at the time of audit due to non-performance. He, however, assured your Committee that procedures to recover the outstanding amounts and performance bonds had been instituted with the guarantors in cases where the bonds were still valid. In addition, the Debt Recovery Unit under the Ministry of Justice had been engaged to recover outstanding amounts in the cases where the bonds had expired by the time of contract termination.

### **Committee's Observations and Recommendations**



Your Committee is disappointed with the *laissez-faire* attitude by the Ministry as evidenced by lack of efforts to date to recover the amounts involved. The Controlling Officer is urged to scale up modalities of recovering the amounts in a specified period. Your Committee resolves to await a progress report on the matter.

**d) Non preparation of recovery certificates – K24,023,667**

The Controlling Officer submitted that preparation to make recovery had been issued to four contractors in Luapula Province. Further, all non performing contracts and terminated contracts had been forwarded to the Ministry of Justice for litigation.

**Committee’s Observations and Recommendations**

While appreciating the efforts being made by the Ministry to recover the funds, your Committee is concerned that the Ministry is being reactive rather than being proactive. It is disheartening that the reported interventions were only made after the audit process. Your Committee implores the Controlling Officer to be proactive at all times and ensure that the funds are recovered without any further delay. Your Committee resolves to await a progress report on the matter.

**MINISTRY OF YOUTH, SPORT AND CHILD DEVELOPMENT**

**AUDIT QUERRY**

**PARAGRAPH 42**

**Programme** : Various  
**Activities** : Various

### **Accounting and Other Irregularities**

42. A review of accounting and other records maintained at the Ministry headquarters carried out during the period from January to July, 2016 revealed various weaknesses to which the Controlling Officer responded as set out below.

#### **a) Unsupported Payments - K185,017**

The Controlling Officer submitted that the five payments had currently been adequately supported with the relevant documents.

### **Committee's Observations and Recommendations**

Your Committee observes that the Ministry's failure to act contrary to Financial Regulation No.52 is a very serious and costly omission in that the Office of the Auditor General will have to undertake further visits to verify the traced documents. Your Committee, therefore, urges the Controlling Officer to ensure that measures are put in place to rectify the situation. The Controlling Officer is further urged to take disciplinary action against the officer (s) who failed to secure the relevant supporting documentation. Your Committee will await a progress report on the action taken against the erring officer (s).

#### **b) Failure to Avail Details of Recoveries for the Youth Development Fund Loans - K35,765,772**

The Controlling Officer informed your Committee that the Ministry had since requested ZAMPOST to provide updated records of all recoveries collected countrywide as stipulated in the Memorandum of Understanding signed with ZAMPOST.

She informed your Committee that the Ministry had since opened debtors ledgers which showed the status of each beneficiary in terms of how much had been paid and the outstanding loan amount. Your Committee was further informed that the Ministry would engage debt collectors to assist in recovering the loans from the defaulters.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the evidently poor management of the Youth Development Fund. It further observes that the objectives of the Fund are not being achieved as the loans are not been recovered, therefore, disadvantaging other would be beneficiaries from accessing the loans. Your Committee further observes that the Ministry to has no capacity to monitor the programmed. There is no binding agreement in place elaborating how the loans are to be recovered in an event of default by the beneficiaries. The beneficiaries do not seem to fully understand what is expected of them once they access the loan. In this regard, your Committee directs the Controlling Officer to ensure that the whole programme is reviewed and its management streamlined. Your Committee awaits a progress report on the matter.

**c) Failure to Effect Recoveries of Loans and Advances - K121,000**

The Controlling Officer submitted that the recoveries of all the loans and advances were effected and running. Some of the loans and advances had since been paid in full. She informed your Committee that the pay slips for the recoveries were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee observes that this omission is as a result of laxity on the part of the responsible officers as they should have ensured that arrangements for the recovery of the loans and advances were made before such payments were processed. Your Committee, therefore, urges the Controlling Officer to caution the officers responsible for the anomaly. Your Committee awaits a progress report on the matter.

**d) Unaccounted for Stores - K32,725**

The Controlling Officer submitted that the documents had since been traced and were available for verification. As a way forward, with the help of internal auditors, the Ministry would endeavor to ensure that the relevant receipt and disposal details were always available.

**Committee's Observations and Recommendations**

Your Committee is concerned that the supporting documents were not availed during the time of audit. In this vein, your Committee cautions the Controlling Officer against such negligence and disregard for the audit process. Your Committee is also concerned that the weak internal controls in the management of stores records at the Ministry could lead to the loss of public funds through fraudulent activities. In this regard, your Committee directs the Controlling Officer to urgently take measures to enhance internal controls at the Ministry. Your Committee further directs that the traced supporting documents be availed to the Office of the Auditor General for verification. Your Committee resolves to await a progress report on the action taken against the officers who failed to ensure the relevant documents.

## **MINISTRY OF DEFENCE**

### **AUDIT QUERY**

### **PARAGRAPH 43**

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

### **Accounting and Other Irregularities**

43. An examination of accounting and other records maintained at Ministry of Defence Headquarters and other departments carried out in June, 2015 and

physical inspections of selected projects revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

**a) Failure to Align the Procurement plan to the Budget - K98,221,631**

The Controlling Officer explained that the Ministry of Defence's Annual Procurement plans were always based on the approved work plans and budgets. He informed your Committee that in the course of implementing the work plans and budgets for the financial year under review, there were unforeseen procurement needs that arose and these had to be funded outside the approved budget through special or supplementary funding.

Your Committee was further informed that the Treasury provided this special or supplementary funding using the available approved budgetary programmes and budget lines as the case was under programmes 4012, on Infrastructure Development and 4058, on Plant and Equipment which were not reflected in the Annual Procurement Plan for 2015. The Controlling Officer however assured your Committee that the Ministry had taken note of the auditors' recommendation for continuous revision or updating of the annual procurement plans.

**Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the Ministry failed to align its annual procurement plan with the budget. It observes that the failure to do so can result in the procurements at the Ministry not being in line with end user requirements. Your Committee, in this regard, strongly urges the Controlling

Officer to desist from abusing the provision for supplementary funding but ensure that management aligns the procurement plan to the budget process as provided for in the Public Procurement Regulations No 26 of 2011. Your Committee awaits a progress report on the matter.

**b) Failure to Utilise Funds – K236,684.00**

The Controlling Officer informed your Committee that the Ministry had discussions with the Moba Hotel management and had since written to the Hotel requesting for the refund. The supporting documentation was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that public funds can be lost as a result of this irregularity. Your Committee, therefore, strongly urges the Controlling Officer to ensure that the funds are either utilised or recovered in order to avoid such loss. Your Committee awaits a progress report on the matter.

**c) Outstanding Arrears – K3,327,253,334.00**

The Controlling Officer informed your Committee that, as at 4<sup>th</sup> July, 2016, an amount of K68,829,800.65 was released by the Treasury and had since been paid, leaving a balance of K3,258,423,533.35 as outstanding. He assured your

Committee that the Ministry had continued to engage the Treasury to release funds towards clearing of the outstanding arrears. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee observes with concern that as long as the Ministry does not clear the outstanding arrears, it will continue to lose large sums of money in litigation. Your Committee, therefore, calls upon the Secretary to the Treasury to ensure that the arrears are expeditiously settled as the debt goes back to 2008. Your Committee awaits a progress report on the matter.

#### **d) Supply and Delivery of Specialised Waterman Ship Equipment, Military uniforms and General Purpose Shelter Tents**

##### **i) Delayed Delivery of Materials**

The Controlling Officer submitted that the breach of contract arose because the Ministry of Defence could not effect the agreed payments promptly due to the non-release of funds by the Treasury.

### **Committee's Observations and Recommendations**

Your Committee awaits a progress report on the matter.



## **ii) Undelivered Fibre Canoos**

The Controlling Officer submitted that the delayed delivery of materials resulted from the rejection of seventy two fibre canoes valued at US\$447,264.00 during the pre-shipment inspection on account of non-compliance in terms of colour. However, the supplier was due to deliver the correct fibre canoes.

He explained that the delivery had delayed and had been overshadowed following litigation instituted by the supplier over non-payments. He however, assured your Committee that the Ministry would ensure that the fibre canoes were delivered or the equivalent amount deducted from the outstanding payment due to the supplier.

### **Committee's Observations and Recommendations**

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

#### **e) Remittance of funds to Dar-es-salaam - US\$29,050**

The Controlling Officer explained that the additional amount of K211,629.00 (US\$29,050) remitted to the Defence Attaché's account in Dar-es-salaam, Tanzania was meant to cover the upward adjusted invoiced charge for demurrage and storage as there was a delay in effecting the payments from the date of the Ministerial Procurement Committee's approval of the expenditure. He informed the Committee that the additional amount

included subsistence allowances and funds for the escort teams which were not subjected to the Ministry Procurement Committee approvals.

He further explained that the equipment comprising eighteen laptops and one Industrial guillotine machine was not accounted for at the time of audit because the container containing these items had not been opened. However, the container had since been opened and the records of receipt and disposal details were available for audit verification.

Your Committee was further informed that the Ministry had taken note of the auditor's recommendation and would ensure that all the vehicles were insured in the first quarter of 2017.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that the auditors did not receive the requisite cooperation during the time of audit. Your Committee is particularly concerned that no evidence to support the Controlling Officer's response was provided to the auditors, making his response unacceptable. In this regard, your Committee directs the Controlling Officer to institute a thorough probe into the matter, subsequent to which appropriate disciplinary action should be taken against all officers responsible for this lapse. The Controlling Officer is further urged to ensure that the vehicles in question are insured and that going forward; management should incorporate the cost of insurance into the cost of procuring vehicles.

## MINISTRY OF DEFENCE – ZAMBIA ARMY

### AUDIT QUERY

### PARAGRAPH 44

UNITS : Administration Branch  
Operations and Training Branch  
Logistics Branch

PROGRAMMES : Various

ACTIVITIES : Various

### Accounting and Other Irregularities

44. An examination of accounting and other records maintained at the Army headquarters and other units carried out during the period from January to March, 2016 and physical inspections of selected projects revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Supply and Delivery of Mobile Kitchen, Trailers, Field Ablutions and Various Containers - US\$ 405,978.58**

The Controlling Officer explained that the situation arose due to the non release of funds on time by the Treasury to liquidate the outstanding amount to the supplier. He further informed your Committee that the amount of US\$ 405,978.58 cited by the auditors was incorrect as the correct amount owed to the supplier was US\$ 352,492.63 which was paid in full on 7<sup>th</sup> October, 2016. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee requests the Office of the Auditor General to verify the Controlling Officer's response, after which the matter should be closed.

**b) Supply and Delivery of Industrial Tractors for Zambia Army - US\$ 66,000.00**

The Controlling Officer informed the Committee that, the situation arose due to the non release of funds on time by the Treasury to offset the outstanding amount to Barloworld. Nonetheless, the outstanding amount of US\$ 66,000.00 had since been paid to Barloworld on 12<sup>th</sup> July, 2016. The supporting documentation was made available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee requests the Office of the Auditor General to verify the Controlling Officer's response after which the matter should be closed

**c) Supply and delivery of Three Ultra Sound and One X-Ray Machine - US\$55,460**

The Controlling Officer submitted that the situation arose due to the non release of funds on time by the Treasury to offset the outstanding amount. However, the outstanding amount of US\$55,460.00 was subsequently paid on 12<sup>th</sup> July, 2016. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee requests the Office of the Auditor General to verify the Controlling Officer's response after which the matter should be closed.

**d) Supply and Delivery of Various Radio Communication Equipment - US\$ 1,236,780.00**

The Controlling Officer submitted that the breach of the contract terms arose due to the untimely release of funds by the Treasury to offset the outstanding amount of US\$ 1,236,780.00. He informed your Committee that the outstanding amount had still not been paid and the Ministry had continued to engage the Treasury to release funds towards the outstanding amount. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee observes with concern that this irregularity can result in the loss of large sums of public funds in penalties and interest. Your Committee, therefore, calls upon the Secretary to the Treasury to urgently give this matter the attention it deserves. Your Committee awaits a progress report on the matter.

**MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND  
EARLY EDUCATION**

## AUDIT QUERY

## PARAGRAPH 45

DEPARTMENTS : Various  
PROGRAMMES : Various  
ACTIVITIES : Various

### **Accounting and Other Irregularities**

45. An examination of accounting and other records maintained at Ministry headquarters carried out during the period from January to August, 2016 revealed accounting irregularities to which the Controlling Officer responded as set out below.

#### **a) Failure to Prepare Accurate Bank Reconciliations - K2,389,464**

The Controlling Officer informed your Committee that the bank reconciliation differences were historical. Therefore, there was a lapse in updating the books and undertaking the bank reconciliations.

He informed your Committee that the current position was that a team of officers was constituted to deal with the matter since 2016. It was discovered that the irregularities were as a result of miscommunication at the end of the financial year, were some backing sheets that were taken to the Bank of Zambia before the closure of the accounts, could not be cleared on time. As a result, funds were not moved by the Central Bank to the Ministry's Mirror Account when the year closed.

He submitted that he had since written to the Ministry of Finance requesting either the release of the funds or guidance on the matter pertaining to the fifty eight stale cheques amounting to K2,389,464.

The Controlling Officer reported that the Ministry had written to the Bank on the unreconciled errors to be normalised. He explained that the unreconciled differences which dated back as far as Five (5) to Ten (10) years ago were as a result of lapses in the system. Your Committee was further informed that the Ministry was on the Treasury Single Account (TSA). This, therefore, meant that these bank reconciliation challenges would not arise, going forward.

### **Committee's Observations and Recommendations**

Your Committee is concerned that the failure by the Ministry to prepare accurate bank reconciliations as guided by the circular in question may result in unauthorised payments being cleared through its bank account without detection. Your Committee finds it unacceptable that it has taken the Ministry as long as ten years to follow up with the Bank regarding the errors. Your Committee strongly urges the Controlling Officer to be proactive in dealing with system failures at the Ministry in order to avert such omissions. Your Committee, therefore, urges the Controlling Officer to vigorously follow up the matter with the Ministry of Finance in order to resolve the matter expeditiously. Your Committee further prods the Controlling Officer to ensure that accurate bank reconciliation statements are timely prepared henceforth. Your Committee also urges the Controlling Officer to institute disciplinary

action against the officers who failed to carry out bank reconciliations timely and submit a progress report on the matter.

**b) Failure to Remit Funds to Lower Level Institutions - K3,420,435**

The Controlling Officer informed your Committee that the Ministry wrote to the Provincial Education Officers to provide accurate bank account details for the remittance of the funds to the districts and various schools, so that funds that bounced back due to bank account details not being correct could be resent.

He further informed your Committee that the Ministry had so far disbursed K2,559,779.57 to the Provincial Education Offices, District Education Board offices and schools, where bank details had been verified. The balance of K860,655.43 would to be remitted once the remaining details were provided and verified by the Ministry for accuracy and completeness.

Your Committee was further informed that the challenge of failing to remit funds to lower level institutions in time was expected to reduce with the introduction of the single treasury account by Ministry of Finance.

**Committee's Observations and Recommendations**

Your Committee is concerned that the implementation of planned programmes and activities was negatively affected due to the Ministry's failure to remit the necessary funds to the institutions in question. Your Committee, in this regard, strongly urges the Controlling Officer to ensure that the outstanding



balance is remitted as soon as possible and that in future funds for lower level institutions are remitted on time. Your Committee awaits a progress report on the matter.

**c) Missing Payment Vouchers - K29,112,620**

The Controlling Officer explained that the missing payment vouchers were mainly attributed to the challenges of merging the two big ministries. He informed your Committee that when the Ministry was again split in the fourth quarter of 2015, there was the rearrangement and reorganisation of the Ministry according to the current status. The documents were kept in separate places because the former ministries remained in old locations with the documents.

During this period, therefore, record keeping was inconsistent and inadequate such that some records were kept at the Ministry of Higher Education and others at the Ministry of General Education Headquarters. The current position, however, was that out of the K29,112,602.30 missing payment vouchers, K28,666,756.01 had been retrieved leaving a balance K445,864.29. Your Committee was informed that the Ministry was making every effort to retrieve the outstanding payment vouchers.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to ensure that the payment vouchers in question were availed for audit as provided for by the Financial Regulation No. 65 (1). Your Committee, in this regard, questions the authenticity of the documents that were traced outside

the audit. It observes that irregular payments could be concealed and go undetected as a result of this failure. Your Committee, therefore, directs the Controlling Officer to ensure that stringent measures are put in place to avoid the loss of accountable documents at the Ministry. He is further urged to ensure that the remaining missing payment vouchers are traced and availed for audit verification without further delay. Your Committee awaits a progress report.

**d) Irregular Payments**

**i) Out of Pocket Allowance - K241,066**

The Controlling Officer informed your Committee that recoveries had since been effected from the concerned officers.

**Committee's Observations and Recommendations**

Your Committee observes that public funds could have been lost had the auditors not unearthed the matter. Your Committee directs the Controlling Officer to ensure that the recoveries are verified by the Auditor General and that internal controls are enhanced on the payment of allowances. Your Committee awaits a progress report on the matter.

## **ii) Parliamentary and Meal Allowances - K1,468,925**

The Controlling Officer informed your Committee that the recoveries had since been effected from the various officers who were irregularly paid the K1,468,925 and the payslips and inputs were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee observes that public funds could have been lost had the auditors not unearthed the matter. Your Committee directs the Controlling Officer to ensure that the recoveries are verified by the Auditor General and that internal controls are enhanced on the payment of allowances. Your Committee further directs the Controlling Officer to institute disciplinary action against the officers who approved this irregular payment contrary to the cabinet circulars in question. Your Committee awaits a progress report on the matter.

## **iii) Sitting and Audit Committee Allowance - K421,624**

The Controlling Officer submitted that the Ministry had commenced the recoveries of the sitting allowances totalling K421,624, irregularly paid. He however, informed your Committee that the payment of the K19, 900 remained eligible, as these were allowances paid to members of the audit committee.

Your Committee was further informed that the Secretary to Cabinet had revisited the contents of the circular which abolished the payment of fees to public service members of the audit committee and guided that all members of the audit committees in MPSAs should be paid the fees as per Public Finance Act No. 15 of 2004, based on the rates issued on Circular No. 18 of 2012, dated 22<sup>nd</sup> October, 2012.

### **Committee's Observations and Recommendations**

Your Committee notes the Controlling Officer's submission regarding the Audit Committee allowances. Your Committee, however, observes that public funds could have been lost had the auditors not unearthed the irregularly paid sitting allowances. Your Committee directs the Controlling Officer to ensure that the irregularly paid funds are fully recovered and internal controls enhanced on the payment of allowances. Your Committee further directs the Controlling Officer to institute disciplinary action against the officers who approved this irregular payment contrary to the cabinet circulars in question. Your Committee awaits a progress report on the matter.

#### **iv) Transport Allowance/Refunds – K992,205**

The Controlling Officer informed your Committee that the Ministry had effected recoveries of the irregularly paid transport allowances and the refunds from all the officers concerned.

### **Committee's Observations and Recommendations**

Your Committee is concerned that public funds could have been lost had the auditors not unearthed the matter. Your Committee directs the Controlling Officer to ensure that the recoveries are verified by the Auditor General and that internal controls are enhanced on the payment of allowances. Your Committee further directs the Controlling Officer to institute disciplinary action against the officers who approved this irregular payment contrary to the cabinet circulars in question. Your Committee awaits a progress report on the matter.

**v) Payment of Overtime Allowances - K703,059**

The Controlling Officer explained that it was necessary at the time to pay overtime allowances because the Ministry was unable to process these payments through the payroll, as the ceiling for other personal emoluments for the 2015 budget did not allow for the inclusion of the overtime payments. However, the circumstances such as filing bulky documents outside normal working hours, among others, was very necessary as the Ministry was split again after it was merged in 2011.

Nonetheless, the Ministry had since stopped the practice and strengthened internal controls by ensuring that no payments of such nature were processed.

## **Committee's Observations and Recommendations**

Your Committee observes that public funds could have been lost had the auditors not unearthed the matter. Your Committee directs the Controlling Officer to ensure that the irregularly paid funds are recovered and internal controls enhanced on the payment of allowances. Your Committee further directs the Controlling Officer to institute disciplinary action against the officers who approved this irregular payment contrary to the cabinet circulars in question. Your Committee awaits a progress report on the matter.

### **e) Payment of Accountable Imprest - K43,469,461**

#### **i) Failure to Disclose Details on Budgets**

The Controlling Officer explained that the imprest in question was meant for holding a workshop for retraining teachers, held in Kabwe. He informed your Committee that the budget in question was meant for allowances, conference fees and logistics, among other things, for the participants.

The Controlling Officer further informed your Committee that in future, the Ministry would ensure that the budgets were inclusive of all the details as highlighted in the Report. The Controlling Officer further

directed that log books should be used at all times, failure to which disciplinary action should be taken against the erring officers.

### **Committee's Observations and Recommendations**

Your Committee recommends that the matter be closed subject to audit verification but cautions the Controlling Officer that in future, such anomalies will attract a surcharge for negligence of duty.

#### **ii) Failure to Provide Activity Reports - K14,887,646**

The Controlling Officer explained that the missing payment vouchers were mainly attributed to the challenges of merging the two big Ministries. He informed your Committee that when the Ministry was again split in the fourth quarter of 2015, there was the rearrangement and reorganisation of the Ministry according to the current status. The documents were kept in separate places because the former ministries remained in old locations with the documents. During this period, therefore, record keeping was inconsistent and inadequate such that some records were kept at the Ministry of Higher Education and others at the Ministry of General Education Headquarters. However, the current position was that the activity reports totalling K14,887,646 had been retrieved.

### **Committee's Observations and Recommendations**

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

**f) Irregular Use of Accountable Imprest to Procure Goods and Services - K500,474**

The Controlling Officer explained that the Procurement Unit was used to ensure that low value procurements were always in conformity with the tender requirements. He explained that the payment of accountable imprest was necessary at the time to procure goods and services. The retirement documents and disposal details had been retrieved and the Controlling Officer had also put in place remedial measures besides an internal circular.

**Committee's Observations and Recommendations**

Your Committee is disappointed that the Controlling Officer has continued to abrogate the provisions of the Financial Regulations in relation to the use of accountable imprest to procure goods and services. Your Committee observes with grave concern that the officers at the Ministry have continued this vice with impunity due to the failure by the Controlling Officer to take action against the erring officers. Your Committee, in this regard, reiterates its previous recommendation that the Controlling Officer puts in place stringent measures to arrest the situation. Your Committee further urges the Controlling Officer to institute disciplinary action against the responsible officers to serve as a deterrent to others. A progress report will be awaited by your Committee.



**g) Unretired Accountable Imprest - K5,427,537**

The Controlling Officer informed your Committee that the accountable imprest in amounts totalling K5,427,537 issued to ninety seven officers made during the period under review had since been retired.

**Committee's Observations and Recommendations**

Your Committee is disappointed that the auditors did not receive the requisite cooperation during the audit. Your Committee, in this regard, urges the Controlling Officer to institute disciplinary action against the erring officers for this failure. Your Committee will await a progress report on the matter.

**h) Unaccounted for Stores - K3,666,017**

The Controlling Officer reported that a team of officers was appointed in the last quarter of 2015 to manage stores. He explained that the Stores Unit had been previously managed by one officer for a long time and the officer became overwhelmed with work, especially after the Ministry was merged, and had numerous challenges. Your Committee was informed that the team was supervised by the Head of Procurement. The Controlling Officer further informed your Committee that efforts to retrieve the receipt and disposal details for all stores items costing K3,462,017 were being made with the new team currently in place. However, the records pertaining to fuel totalling K204,000 had been retrieved and were available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the receipt and disposal details for all stores items costing K3,462,017 are retrieved without further delay and will await a progress report.

### **i) Bursaries**

#### **i) Misapplication of Funds – Bursaries for Orphans and Vulnerable Children - K15,648,435**

The Controlling Officer explained that the funds were borrowed from orphans and vulnerable children for infrastructure in order to avoid accruing interest on delayed payments for contractors. He informed your Committee that he had commenced the installment reimbursement of the funds in question, with K2,513,595.32 being funded back to date. He was further making efforts to ensure that balance was paid back in full.

## **Committee's Observations and Recommendations**

Your Committee finds it disturbing and unacceptable that funds for orphans and vulnerable children were borrowed to meet payments for infrastructure, depriving the intended beneficiaries the benefits of the funds. Your Committee warns that it will in future not take kindly to such practices. Your Committee further strongly urges the Controlling Officer to ensure that the funds are reimbursed and remitted to the intended

beneficiaries without further delay. Your Committee further urges the Secretary to the Treasury to ensure that funds are secured for infrastructure projects under the Ministry to avert such occurrences. Your Committee awaits a progress report on the matter.

**ii) Lack of Cash Book and Bank Reconciliation Statements**

- The Controlling Officer informed your Committee that the cashbooks for the Bursaries Committee Accounts had been retrieved and were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee emphasises the need to maintain proper records at all times so that the necessary documentation is provided to the auditors during the audit process. Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers for this failure and will await a progress report on the matter.

**Bank Recommendations**

- The Controlling Officer informed your Committee that the updated bank reconciliation statements had been retrieved and were available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee notes the response and resolves to close the matter subject to audit verification but cautions that in future, perpetrators of such anomalies would attract a surcharge for negligence of duty.

### **iii) Irregularities in the Payment of Top Up Allowances - K126,453**

The Controlling Officer informed your Committee that amounts totalling K126,453 were paid to ten students who were not appearing on the top up allowance payment schedule because they were omitted on the submissions initially made by the Embassies in Moscow and Beijing. He explained that details were later sent after the students complained that they did not receive their allowances. The bank was, therefore, given additional instructions to pay the omitted students after verification was done.

The Controlling Officer further submitted that three students were not paid amounts totalling K4,150 as top up allowances because the bank was instructed not to effect the payments after the Bursaries Committee learnt that they were no longer in school and had left their respective countries. The files for the thirteen students were available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the officers charged with the responsibility of processing the payments for the top-up allowances only detected the omissions after the auditors raised the issue. Your Committee, in this regard, urges the Controlling Officer to institute disciplinary action against the responsible officers for this lapse. Your Committee further directs the Controlling Officer to submit relevant documentation to the Office of the Auditor General and will await a progress report.

**iv) Questionable Payments of Top Up Allowances – 2,131,690**

The Controlling Officer explained that the payment of top up allowances through the UBA visa cards was only done after the cards had been activated. This was done after the students arrived in their respective countries and provided their active mobile numbers which were then linked to their visa cards.

Therefore, the payments totalling K2,131,690.00 were paid as top up and settling-in allowances to the new students who were taking up scholarships in China, India, Russia and Algeria for the first time. Visa cards for these students were not activated because these students were still in Zambia therefore; they could only be paid through the Bursaries Committee's Operations Account. The Controlling Officer further informed your Committee that supporting records were available for audit scrutiny.

**Committee's Observations and Recommendations**

Your Committee finds it unacceptable that funds were moved from the Ministry to the Bursaries Committee Account without supporting details, making it impossible to ascertain the beneficiaries. Your Committee strongly urges the Controlling Officer to institute disciplinary action against the officers who did not follow the laid down procedures in paying top-up allowances. The Controlling Officer is further urged to submit all relevant documentation to the Office of the Auditor General for verification and will await a progress report.

**v) Lack of Expenditure Returns – 431,009**

The Controlling Officer informed your Committee that the expenditure returns from Egypt, Canada and Russia had been retrieved. He was actively following up on the balance from the Turkish Embassy.

**Committee's Observations and Recommendations**

Your Committee notes that the failure to produce expenditure returns timely is unacceptable and should attract disciplinary action from the Controlling Officer in accordance with the Financial Regulations. Your Committee will await a progress report on the matter.

**j) Misapplication of Funds - K500,000**

The Controlling Officer submitted that the General Secretaries of the teachers' unions had been communicated to, to reimburse the money which was advanced to them in order to facilitate the smooth running of the World Teachers Day which was held on 5<sup>th</sup> October, 2015.

He informed your Committee that out of K500,000 borrowed, the Secondary School Teachers' Union of Zambia had paid back the full K100,000, and the Basic Education Teachers' Union of Zambia had committed to settling the K150,000 by cheque in two equal installments, November and December, 2016. Further, the Zambia National Union of Teachers had issued a written commitment letter to reimburse the outstanding balance and the Professional Teachers' Union of Zambia had committed to pay the outstanding amount in installments of K10,000 every month end starting from November, 2016. The supporting records were made available for audit verification.

**Committee's Observations and Recommendations**

Your Committee is extremely displeased over the manner in which the Controlling Officer completely disregarded Financial Regulations and calls for stern disciplinary action against him. Your Committee notes that this misapplication was done at the expense of budgeted activities and is therefore completely unacceptable. Your Committee further urges him to ensure that the advances and loans are recovered forthwith. Your Committee awaits a progress report.

**k) Undistributed Educational Equipment - K84,300,300**

The Controlling Officer informed your Committee that as of April, 2016, the musical equipment had not been distributed to the districts because of lack of funding. However, in July, 2016, the Ministry received funding and allocated some of the funds towards the distribution of the musical equipment.

In August, 2016, the musical equipment was distributed to nine provinces. Therefore, only Western Province was remaining. This was because the distribution was suspended in order to urgently distribute desktop computers throughout the country for use in examinations. The Controlling Officer, however, assured your Committee that the musical equipment for Western Province would be distributed in the first week of November, 2016. The relevant records were made available for audit verification.

**Committee's Observations and Recommendations**

Your Committee is disappointed that the educational equipment was not distributed to the schools, despite the Government's efforts to mobilise the much needed resources, a situation which could negatively affect the implementation of the new curriculum. Your Committee, in this regard, strongly urges the Controlling Officer to ensure that all the equipment is distributed as soon as possible and will await a progress report.

**l) Failure to Correct Contract Sum**



The Controlling Officer informed your Committee that the supplier had agreed to correct the contract sum in writing. Therefore, the anomaly had since been rectified reflecting the correct amount of K5,280,000 and not K12,306,121. He explained that the remaining payment would be less the advance paid. Further, the contract amount adjustment did not require prior authority from the Ministerial Procurement Committee because the earlier authority was not affected by the erroneous amount.

In addition, the advance payment was adequately covered by the guarantee and there was no loss to the Government. Your Committee was informed that the contract was within the Public Procurement Regulations of 2011, Regulation 140 (3). The relevant records were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the Ministry's failure to notice that the signed contract reflected an incorrect contract until the issue was raised by the auditors. Your Committee observes that such a serious omission could have led to the loss of public funds through overpayment to the supplier. In this regard, your Committee strongly urges the Controlling Officer to ensure that the contract sum is corrected without further delay. Your Committee further urges him to caution the officers that were involved in the irregularity. Your Committee awaits a progress report on the matter.

#### **m) Undelivered Educational Equipment – African Brothers Corporation Ltd**

The Controlling Officer submitted that the educational equipment was delivered on 16th July, 2016 and the delivery notes were available for audit scrutiny.

He informed your Committee that there were no liquidated damages to the contract provision as the purchaser delayed making an advance payment by six months and also delayed conducting a pre – shipment inspection due to lack of funding. Therefore, the provision on liquidated damages could not be invoked as the delays were not caused by the supplier but by the purchaser. The relevant documentation was available for audit verification.

### **Committee’s Observations and Recommendations**

Your Committee is concerned that the Ministry is failing to adhere to the audit process as evidenced by its failure to avail the relevant documentation at the time of audit. Your Committee reminds the Controlling Officer that he has an obligation to ensure that the relevant documentation is availed to the auditors during the audit process. Your Committee, therefore, directs him to take measures that relevant documents are provided to the auditors. He is further urged to ensure that the documents are verified by the Office of the Auditor General. Your Committee will await a progress report on the matter.

#### **n) Failure to Insure Motor Vehicles**

The Controlling Officer explained that this was mainly due to inadequate funding from the Treasury. He explained that the vehicles could only be insured upon the release of funds by the Budget Office in order to cater for the current premium and the outstanding arrears amounting to K736 million. He further lamented that the current debt had caused the Ministry to be blacklisted for credit facilities with various registered insurance firms.

Your Committee was, however, informed that the Controlling Officer was making efforts to ensure that the fleet of eighty one vehicles and two motor cycles was comprehensively insured.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that the Controlling Officer waited until the auditors came before taking action on this matter. Your Committee observes that the replacement costs of the vehicles and motorcycles in question may not be manageable in the event of accidents or thefts as the Ministry is not indemnified against loss. In this regard, your Committee strongly urges the Controlling Officer to ensure that the assets in question are comprehensively insured and the insurance cover certificates availed for audit verification. Your Committee awaits a progress report on the matter.

#### **o) Infrastructure Development**

##### **i) Unpaid Certificates**

The Controlling Officer informed your Committee that the honouring of the interim payment certificates was dependent on the disbursement of funding from the Treasury. However, there were no funds that were released by the Ministry of Finance in the last quarter of 2015.

The Controlling Officer further informed your Committee that he was currently making efforts to ensure that the funds for all the 110 unpaid certificates were cleared and paid. The supporting documentation was available for audit scrutiny.

### **Committee's Observations and Recommendations**

Your Committee strongly urges the Secretary to the Treasury to give this matter the serious attention it deserves as public funds can be lost in the event of litigation by the contractors. Your Committee further urges the Controlling Officer to, in future, only undertake projects when funds have been secured to avert irregularities such as this one. Your Committee awaits a progress report on the matter.

#### **ii) Wasteful Expenditure – Interest Paid on Delayed Payments**

The Controlling Officer submitted that the Ministry commenced a huge construction programme for building more than 100 secondary schools. This programme was designed to be implemented within a period of five

years. By the end of 2011, therefore, the total number of schools under construction had reached eighty three and during this time, most schools were at finishing level. However, in 2013 the Government brought on board thirty five additional projects. These thirty five new secondary school projects were happening before the eighty three could be completed. Consequently, the rate of construction slowed down because the increased number of school projects did not correspond with the budgetary provisions. This in turn led to delays in honouring Interim Payment Certificates (IPCs). Further, the Ministry of Finance was having challenges in releasing funds on time. This meant that Interim Payment Certificates could no longer be paid within the twenty eight days stipulated in the contract and in certain cases it took more than five months to honour some certificates.

While the payment of interest on delayed payments was not to the benefit of the projects, this was a contractual provision which the client was obliged to execute in case of default. Further, the Ministry was not totally in control of the situation but depended on releases of funds from the Ministry of Finance.

Given the depreciation of the Kwacha and the escalation of material prices that began in the first quarter of 2015, contractors were left with no choice but to claim interest on delayed payments as per contractual provisions. At the time the contracts were being signed, the exchange rate was K5.00 to US\$1. However, by the time the contractors were claiming interest on the delayed payments, the rate was more than K10 to US\$1. This effectively meant that almost all the profits contractors were expected to make were eroded.

The Controlling Officer further informed your Committee that Hua Jiang Investments was the most affected with twenty eight (28) secondary school projects, most of which started between 2008 and 2010. He assured your Committee that he was making effort to ensure that the interest paid on the delayed payments was reimbursed by the Treasury. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses grave concern that the Ministry continued to award other contracts when there were a number of them still outstanding. Your Committee is also concerned at the loss of public funds through interest accumulated as a result of the delayed payments. Your Committee strongly urges the Secretary to the Treasury to prioritise the release of funding to clear the outstanding claims. The Secretary to the Treasury is further urged to ensure that payments are made on time to avoid interest on payments. Your Committee further urges the Controlling Officer to ensure that no new projects are embarked on by the Ministry until the existing projects are completed. Your Committee requests a progress report on the matter.

## **MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND EARLY CHILDHOOD EDUCATION**

### **AUDIT QUERY**

**PARAGRAPH 46**

DEPARTMENTS : Various

PROGRAMMES : Various  
ACTIVITIES : Various

### **Accounting and Other Irregularities – Payroll**

46. An examination of payroll records such as Direct Debit Account Credit Control (DDACC) files from Payroll Management and Expenditure Control (PMEC) and other records maintained at the Provincial Education Office and visits to DEBS, Colleges, Basic, Primary and Secondary Schools carried out between March and May, 2016 revealed the following irregularities as outlined below.

#### **a) Irregularities in Establishment Register**

The Controlling Officer submitted that he had written to the Provincial Education Officers to start the process of cleaning up the payroll irregularities cited above. He explained that the other reason for this lapse was lack of sensitisation by the PMEC End Users. Once vacant positions were established in the system, there had been a tendency to fill such positions as long as the positions were on the station payroll area. Your Committee was informed that there had been concerns from the end users that, such positions had ended up being frozen and yet there were employees waiting to be put on such equivalent positions. In this regard, the Controlling Officer was making efforts to have frozen positions unfrozen.

Your Committee was further informed that the Payroll Management and Establishment Control Division created more positions to accommodate class teachers and subject teachers who were recruited in December, 2014 but the Establishment Register was not concurrently upgraded to accommodate uploaded new positions as was the case with Chingola and other districts.

He informed your Committee that he had been allowed to employ 5000 teachers every year because of new schools under construction meaning, therefore, that, the establishment remained the same every year.

Your Committee was further informed that eighty two positions for subject teachers and classified employees (CEs) were created on the payroll for Muchinshi Secondary School (a newly gazetted secondary school) to accommodate new teachers who were recruited in December, 2014 out of which thirty six officers were paid K142,523.46 in the month of December, 2015.

### **Committee's Observations and Recommendations**

Your Committee observes that the lack of the Payroll and Establishment Register reconciliation is an indicator of a serious weakness in the internal control as far as payroll management was concerned. Your Committee, in this regard, expresses concern that the employment of officers over and above the Establishment Register is a serious weakness in the management of the payroll and increases the risk of people being employed for positions that do not exist. This, then, may lead to inclusion on the payroll of ghost workers and consequently, the loss of huge sums of money by the Government through



the payment of salaries to such workers. In view of the foregoing, your Committee strongly urges the Controlling Officer to ensure that the two documents are always reconciled in order to avoid such kind of queries, especially now that the Ministry will be recruiting about 5,000 teachers each year. Additionally, your Committee urges the Controlling Officer to institute disciplinary action against officers who failed to carry out the reconciliations. Your Committee requests a progress report on the matter.

**b) Misplacement of Payroll Area - K45,060,222**

The Controlling Officer explained that the challenge was that some transfers had no confirmation of availability of PMEC vacancy by the respective DEBS, resulting in the problem of not having positions where to transfer the teacher's payroll after they had officially reported.

However, the Provincial Education Officers from the eight Provinces had been directed to regularise the situation regarding the 959 officers who had been transferred within and outside their respective provinces but drawing salaries from pay points which were different from their physical stations.

The Controlling Officer further explained that at the time of audit, staff returns were requested by the auditors so that they could determine where the individual staff members belonged on the payroll. After verification with the National Registration Numbers (NRCs) on the staff establishment, the records did not correspond with those on the PMEC system because some members of staff serving in other districts were not captured in the districts housing their payrolls. The other reasons attributed to why the staff establishment and the

PMEC establishment (staff assignment) could not reconcile were the following:

- some members of staff as highlighted above had been transferred to other districts and provinces but were still on the previous station payroll;
- some stations (schools) which were appearing on the districts staff establishments did not have the PMEC establishment; this had resulted into a situation where some employees were not found on the PMEC establishment for stations where they were currently serving, instead they were found on stations which did not yet have PMEC establishments. Not until such stations were given the PMEC establishments on the system could the officers correctly be placed at the stations where they were physically serving;
- some stations had small PMEC establishments especially township schools but the enrollments in these schools were very high and the districts were forced to move some teachers from other stations to mitigate the shortfalls. In the process, this created a situation where some employees appeared at different stations and not where they were physically serving; and
- some officers were seconded to serve in other stations, resulting in them not being found at the stations appearing on the PMEC establishment.

Your Committee was further informed that the process of moving officers to their rightful paypoints had commenced and the payslips were available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee is disappointed at the length of time it takes the Ministry to normalise and clean up the payroll when officers are transferred both within and outside the districts or provinces. It observes with concern that there is a risk of understaffing in some stations as their establishment registers indicate that they do not have vacant positions when the actual officers filling these positions are not physically at those stations. Your Committee further observes that this also makes it difficult for such stations to request for more staff as their establishment registers indicate that they are filled, when in fact not. In this vein, your Committee urges the Controlling Officer to ensure that the establishment registers and the payroll records are normalised and reconciled in order to ensure that officers are physically serving at stations where they are deployed as per the establishment register and payroll. Your Committee requests the Office of the Auditor General to keep the matter in view in future audits.

### **c) Irregular Payment of Salaries to Officers Absent from Duty Without Official Leave - K828,296**

The Controlling Officer submitted that the Provincial Education Officers from the three Provinces had been directed to comply with the Terms and Conditions of Service for the Public Service No. 60(a) and ensure that the K828,296.47 irregularly paid was recovered and remedial measures put in place.

## **Committee's Observations and Recommendations**

Your Committee expresses concern that the supervising authority at the Ministry allowed their officers to go on leave without official approval for such long periods of time, contrary to the Terms and Conditions of Service for the public service. Your Committee observes that there was a risk, in this regard, that these officers were paid salaries and allowances when they were not rendering a service to the Government. Your Committee, therefore, strongly urges the Controlling Officer to adhere to laid down financial regulations. Your Committee further urges the Controlling Officer to ensure that the monies paid to the officers are recovered without further delay and that management should adhere to the Terms and Conditions of Service for the public service concerning leave. Your Committee awaits a progress report.

### **d) Unknown officers Drawing Salaries - K18,839,673**

The Controlling Officer explained that the teachers who were captured as unknown teachers were actually teachers who had been transferred from one station to another school where there were no PMEC vacancies but drawing salaries from different stations.

However, the Provincial Education Officers had been directed to ensure that the practice was stopped. They were further directed to ensure that prior authority was obtained for such situations to avoid unknown officers from drawing salaries.

## **Committee's Observations and Recommendations**

Your Committee expresses concern that that this situation may lead to loss of public funds through the payment of ghost workers. Your Committee strongly urges the Controlling Officer to ensure that the teachers in question are traced in order to reconcile the physical location where they are serving with their actual payroll areas to avert the anomaly. Your Committee will await a progress report.

**e) Payment of Full Salary to an Officer on Suspension – Sesheke District - K36,750**

The Controlling Officer submitted that a scrutiny of the payroll revealed that as of March 2016, twenty one (21) months after her suspension, the officer continued to draw a full salary and allowances in amounts totalling K22,682. He informed your Committee that his office through the DEBS Sesheke had effected the recoveries of these allowances and salaries from the officer. The supporting documentation was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that management at the Ministry follows the Terms and Conditions of Service at all times in handling disciplinary matters to avoid the loss of public funds. He is further urged to ensure that the salaries irregularly paid to the officer are recovered without further delay. Your Committee will await a progress report.

**f) Questionable payment of salaries – Sichili Secondary School - K34,172**

The Controlling Officer submitted that the salaries in question had since been stopped and the recoveries had been effected.

### **Committee's Observations and Recommendations**

Your Committee observes that there is a serious weakness in the management of the Payroll system at the Ministry which may lead to the loss of public funds through the unauthorised introduction of officers on the payroll. Your Committee strongly urges the Controlling Officer to ensure that management at the Ministry establishes how the retired teacher was reintroduced on the payroll and take disciplinary measure against the PMEC end users who introduced him as this is a serious irregularity. Your Committee awaits a progress report on the matter.

#### **g) Failure to Remove Retired and Deceased Officers from the Payroll - K1,119,987**

The Controlling Officer informed your Committee that the twenty five retired and five deceased officers had been removed from the payroll. The salaries paid after their retirement would be recovered in full from their terminal benefits.

### **Committee's Observations and Recommendations**

Your Committee finds it unfortunate that the Ministry paid allowances to people not rendering a service to the Government. Your Committee urges the Controlling Officer to institute disciplinary action on the officers who failed in

their duties in this regard. He is further urged to ensure that management at the Ministry at all times, adheres to the Terms and Conditions of Service for the public service and relevant Government circulars when handling matters of staff separation due to deaths or retirements to avoid the further loss of public funds. Your Committee awaits a progress report on the matter.

**h) Failure to Retire Officers after Attaining Retirement Age of 55 – Western Province - K563,296**

With regard to Kalabo were the officer had not retired after attaining the retirement age, the Controlling Officer submitted that this matter was overtaken by events, following the issuance of the Statutory Instrument No. 63 of 2014. However, the two teachers at Nalolo and Kalabo Districts had since been retired. Further, the Provincial Office had been directed to adhere to stipulated Terms and Conditions of Service and to ensure that the K563,296 which was irregularly paid was recovered from the three affected officers.

**Committee’s Observations and Recommendation**

Your Committee finds it unfortunate that the Ministry paid allowances to people not rendering a service to the Government. Your Committee urges the Controlling Officer to institute disciplinary action against the officers who failed in their duties. Your Committee further urges him to ensure that management at the Ministry at all times, follows the Terms and Conditions of Service for the public service and relevant Government circulars when handling separation matters such as this one in order to avoid the further loss

of public funds. Your Committee awaits a progress report on the recoveries made.

**i) Allowances Paid to Officers without Authority – Western Province - K337,025**

The Controlling Officer submitted that the supporting documents such as double class claim forms, letters from head teachers for responsibility allowances and acting appointment letters had been retrieved and the records were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee requests the Office of the Auditor General to verify the Controlling Officer's response after which the matter should be closed.

**j) Questionable Payment of Double Class Allowance - K559,340**

With regard to Sikongo, the Controlling Officer explained that between 2006 and 2015, double class allowances in amounts totalling K17,500 was irregularly paid to five officers at five schools in Sikongo district who had either stopped teaching double classes or had been transferred from the school to another district.

He explained that this had also applied to other stations such as Ndola DEBS where the Provincial Education Officer had been directed to effect recoveries and these have been instituted. However, the questionable payment of double



class allowance had been delimited and recoveries had been effected from all the affected officers.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the Government may lose funds through the payment of allowances to unauthorised officers. Your Committee, therefore, urges the Controlling Officer to institute disciplinary action against the officers who authorised these irregular payments. He is further urged to ensure that appropriate authority is sought for officers at the Ministry to provide certain services for which specific allowances are paid and that these are in line with regulations that prescribe their payments and eligibility. Your Committee will await a progress report on the matter.

#### **k) Irregular Payment of Rural and Remote Hardship Allowance - K8,319,244**

The Controlling Officer submitted that the Provincial Education Officers had been directed to delimit the allowance from the ineligible officers. He informed your Committee that another reason, as was the case with North Western Province, was that most schools had wrong GPS coordinates during the mapping exercise. However, the Permanent Secretary's Office followed up the matter with the PMEC to clean up the coordinates in provinces for most of the schools to receive rural hardship allowances instead of remote allowances.

He further informed your Committee that at the time of audit, officers who had been transferred from a rural district or station to urban districts continued

to irregularly draw this allowance in three districts, namely Mongu – K66,853, Senanga – K106,400 and Kalabo – K12,600). However, recoveries had since been effected and the records were available for audit verification.

### **Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to take urgent action on this matter so as to avert further expenditures of a similar nature. Your Committee awaits a progress report on the matter.

#### **l) Officers Getting Acting Allowance without Authority – Southern Province - K1,624,965**

The Controlling Officer submitted that the Provincial Education Officer had been reminded to be proactive in the execution of government duties and to apply for retrospective authority in order to normalise the acting appointments.

### **Committee’s Observations and Recommendations**

Your Committee expresses concern that the Government may lose funds through the unauthorised payment of allowances. Your Committee therefore, urges the Controlling Officer to ensure that appropriate authority is sought for officers at the Ministry to provide certain services for which specific allowances are paid and that these are in line with regulations that prescribe

their payments and eligibility. Your Committee resolves to seek a progress report on the recovery of the irregularly paid allowances.

**m) Irregular Payment of Housing Allowance – K8,902,784**

The Controlling Officer reported that the Director Human Resource and Administration and the Provincial Education Officers had been directed to effect recoveries from the concerned officers. The supporting documentation such as payslips, marriage certificates and letters from head teachers were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee observes that this is yet another indication of poor internal controls at the Ministry. The Controlling Officer is, in this regard, urged to strengthen internal controls to avoid the further loss of Government funds through the payment of allowances to unauthorised officers. He is further urged to institute disciplinary action against the officers who authorised these irregular payments. A progress report on the recoveries of the irregularly paid housing allowances will be awaited by your Committee.

**n) Irregular payment of Responsibility Allowance - K373,930**

The Controlling Officer informed your Committee that the Director Human Resource and Administration and the three Provincial Education Officers had

been directed to ensure that the 100 teachers who were irregularly paid responsibility allowances in amounts totalling K373,930 without obtaining authority from the DEBS Office and appropriate authorities was fully recovered.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the Government may lose funds through the irregular payment of allowances. Your Committee therefore, urges the Controlling Officer to institute disciplinary action against the officers who authorised these irregular payments. He is further urged to ensure that the relevant authority is sought and granted for officers at the Ministry to provide certain services for which specific allowances are paid and that these are in line with regulations that prescribe their payments and eligibility. Your Committee resolves to seek a progress report on the matter.

#### **o) Payment of Remote Instead of Rural Hardship Allowance - K48,816**

The Controlling Officer submitted that from the twenty-two officers who were paid remote hardship allowances in amounts totalling K244,080 instead of being paid rural hardship allowance of K195,264, resulting in an overpayment of K48,816 which had not been recovered as of July, 2016, the difference would be recovered with effect from the month of November, 2016.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the Controlling Officer did not initiate the recoveries of the irregularly paid allowances until the matter was raised by the auditors. In this regard, your Committee strongly recommends that the Controlling Officer should institute disciplinary action on the officers who authorised the irregular payments to serve as a deterrent to others. He is further urged to ensure that officers at the Ministry are paid the appropriate allowances designated for their stations as provided for by the relevant regulations to avoid the further loss of public funds. Your Committee awaits a progress report on the recoveries made.

**p) Failure to Constitute Medical Boards – K976,535**

The Controlling Officer reported that the Ministry of Health was written to for authority to constitute medical boards and the Provincial Education Officers had also been communicated to for follow up on the action.

**Committee's Observations and Recommendations**

Your Committee expresses concern that it has taken long for the Ministry to institute a medical board, a situation that has resulted in the loss of funds through payments made to officers not rendering a service to the Government. Your Committee, therefore, urges the Controlling Officer to ensure that management at the Ministry comply with the Terms and Conditions of Service

for the public service with regard to constituting medical boards for officers who are indisposed. These medical boards should be constituted on time to avoid inconveniences to both the Government and the affected officers. Your Committee awaits a progress report on the matter.

**q) Staff Employed on Position Not on Establishment – K1,583,800**

The Controlling Officer reported that the Provincial Education Officer in Northern Province had been directed to ensure that the payroll was cleaned up. He explained that the situation with Mungwi DEBS was as a result of new positions created on the payroll following the gazetting of Mungwi Girls' Technical Secondary School.

Regarding Mporokoso DEBS, the Controlling Officer informed your Committee that the situation was as a result of new positions created on the payroll following the gazetting of Bweupe Secondary School.

**Committee's Observations and Recommendations**

Your Committee observes with concern that there is a risk of employing excess and unknown staff, leading to a bloated wage bill as a result of the payment of salaries to officers occupying positions not recognised by the establishment. In this regard, your Committee strongly recommends that management should establish the actual positions that the officers are serving and how they came about. Management should also establish where authority came from to employ officers for positions that are not on the establishment register. A progress report is being awaited by your Committee.

**r) Employees without National Registration Card Number on Pay slips - K212,430**

The Controlling Officer explained that this was an omission on the part on the end user from the various provinces, namely Southern, Northern, Lusaka and Muchinga. However, these had since been directed to ensure that this anomaly was immediately corrected with the Payroll Management and Establishment Control in the month end of November, 2016.

**Committee's Observations and Recommendations**

Your Committee is alarmed with the failure by the P MEC system to detect this anomaly. Your Committee observes with concern that this weakness can be exploited by unscrupulous individuals resulting in the loss of public funds. Your Committee therefore, strongly urges the Controlling Officer to ensure that controls are put in place in the payroll system so that incomplete entries with regard to inputs from end users on the P MEC are not processed by the system. Your Committee requests the Office of the Auditor General to keep the matter in view in future audits.

**s) Officers with duplicate National Registration Card Numbers on Payslips - K115,282**

The Controlling Officer submitted that the Provincial Education Officers had been directed to ensure that the anomaly of officers with duplicate national registration card numbers on payslips was normalised and corrected with the National Registration Office.

### **Committee's Observations and Recommendations**

Your Committee is alarmed that the P MEC system failed to detect this anomaly and observes with concern that this weakness can be exploited by unscrupulous individuals resulting in the loss of public funds. Your Committee therefore, strongly urges the Controlling Officer to ensure that controls are put in place in the payroll system so that incomplete entries with regard to inputs from end users on the P MEC are not processed by the system. Your Committee requests the Office of the Auditor General to keep the matter in view for future audits.

#### **t) Officers Drawing Double Salaries - K40,560**

The Controlling Officer informed your Committee that the Director of Human Resource and Administration had been written to and requested to ensure that the double salary which was irregularly paid to an Assistant Seed Analyst in the Ministry of Agriculture who had also been drawing salaries from the Ministry of Education as a Senior Laboratory Assistant based in Kabwe was normalised and corrected and the recoveries effected for the irregular emoluments.

### **Committee's Observations and Recommendations**



Your Committee strongly recommends that management should establish who facilitated this anomaly and take appropriate disciplinary action as this borders on fraud. Your Committee awaits a progress report.

**u) Drawing of Salaries on Wrong Salary Scales – Central Province - K724,019**

The Controlling Officer submitted that the Provincial Education Officer had been written to and requested to ensure that the salaries drawn by fifty-four officers on wrong scales were reversed and the overpayments recovered.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that it has taken long for the Controlling Officer to take action on this matter. Your Committee is particularly concerned that the Government can lose funds through the payment of salaries to officers on wrong salary scales. Your Committee, therefore, strongly urges the Controlling Officer to clean up the payroll and place the officers in their right salary scales. Your Committee will await a progress report.

**v) Irregular Payment of Responsibility Allowance to Senior Officers – Central Province - K46,862**

The Controlling Officer submitted that Central Province had since effected recoveries and the supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the Government lost funds through the payment of allowances to unauthorised officers. Your Committee therefore, urges the Controlling Officer to institute disciplinary action against the officers who authorised these irregular payments. He is further urged to ensure that appropriate authority is obtained for officers at the Ministry to provide certain services for which specific allowances are paid and are in line with regulations that prescribe their payments and eligibility. Your Committee resolves to await a progress report on the recovery of the irregularly paid allowances.

## **MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND EARLY EDUCATION**

### **AUDIT QUERY**

### **PARAGRAPH 47**

UNITS : Various

PROGRAMMES : Various

ACTIVITIES : Various

### **Accounting and Other Irregularities**

47. An examination of accounting and other records maintained at the Provincial Education Offices, District Education Board Offices, Colleges, Schools and

physical inspections of selected projects carried out between February and May, 2016 revealed various irregularities to which the Controlling Officer responded as set out below.

**a) Missing Payment Vouchers - K235,176**

The Controlling Officer submitted that the ten payment vouchers for Choma PEO could not be availed for audit scrutiny as they were part of the information being investigated by the law enforcement officers. However, the balance of the eight missing payment vouchers was retrieved and the records were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the Controlling Officer's failure to have payment vouchers readily available for audit and only provide them after being queried. Your Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to adhere to the provisions of Financial Regulation No. 65. He is further urged to ensure that payments under the Ministry are always properly vouched to avoid the loss of public funds through fraud. Your Committee awaits a progress report on the matter.

**b) Unsupported Payments - K547,045**

The Controlling Officer reported that the payment vouchers in amounts totalling K547,045 were retrieved and supported with the relevant supporting documents. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to provide the payment vouchers to the auditors during the audit process. Your Committee in this regard, urges him to institute disciplinary action against the officers that failed to adhere to the provisions of Financial Regulation No. 45. He is further urged to ensure that measures are put in place to avoid the recurrence of this irregularity as such omissions can be a conduit for unauthorised and fraudulent payments being passed without approved supporting documents. Your Committee awaits a progress report.

#### **c) Unapproved Payments - K8,000**

The Controlling Officer informed your Committee that the two payment vouchers were now regularised and the concerned officers were cautioned to follow laid down Financial Regulations and other stipulated procedures. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to institute stringent control measures to curb such irregularities and avert possible loss of public funds. However, your Committee requests the Office of the Auditor General to verify the matter after which it should be closed.

**d) Officers on Studies without Approved Leave - K59,600**

The Controlling Officer explained that this was a Fast Track Teacher Education Programme (FTTEP) meant to enhance teacher qualifications. He informed your Committee that all the supporting documentation was currently attached. The Ministry had, in addition, written to the Public Service Management Division – Department of Human Resource Management and Development for retrospective authority to regularise the training for the eight officers. He further reported that the Ministry had since stopped the practice of authorising training and development at the provincial level. The supporting documentation was made available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable that the officers proceeded on leave without official approval, contrary to the Terms and Conditions of Service in the public service. Your Committee, in this regard, urges the Controlling Officer to institute disciplinary action against the officers who caused the irregularity. Your Committee further urges the Controlling Officer to regularise the training retrospectively without further delay. Your Committee will await a progress report.

**e) Un-acquitted Funds - K7,200**

- i) The Controlling Officer informed your Committee that the funds had since been acquitted and the supporting documentation was available for audit scrutiny.

**Committee's Observations and Recommendations**

Your Committee requests the Office of the Auditor General to verify the matter after which it should be closed.

- ii) The Controlling Officer informed your Committee that the payments in amounts totalling K24,008 were acquitted and the records were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee requests the Office of the Auditor General to verify the matter after which it should be closed.

**f) Unretired Accountable Imprest - K1,257,434**

The Controlling Officer informed your Committee that the accountable imprest in amounts totalling K1,257,434 issued to sixty six officers had since been retired and the records were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee is concerned that the management of imprest in the Ministry is not being undertaken in accordance with the provisions of the Financial Regulations. Your Committee, in this regard, urges the Controlling Officer to ensure that the regulations pertaining to the retirement of imprest are strictly adhered to. He is further urged to institute disciplinary action against the erring officers. Your committee awaits a progress report.

**g) Failure to Provide Monitoring/Activity Reports - K970,526**

The Controlling Officer reported that it was regrettable that activity reports relating to imprest in amounts totalling K970,526 issued to forty two officers to enable them undertake various activities such as monitoring, supervision, among others, was not availed at the time of audit. He, however, reported that the current position was that the activity reports had since been retrieved and were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee is disappointed with the Controlling Officer's failure to ensure that funds issued as imprest at the Ministry were properly accounted for. Your Committee observes with concern that this practice, if left unchecked, could result in loss of public funds through the issuance of imprest for activities not undertaken. In this regard, your Committee strongly urges the Controlling Officer to ensure that reports are prepared timely for activities for which imprest was issued. Your Committee further urges him to

institute disciplinary action against the officers responsible for this irregularity. Your Committee awaits a progress report on the matter.

**h) Irregular Procurement of Goods and Services Using Imprest - K225,822**

The Controlling Officer informed your Committee that the Ministry had issued an internal circular restraining the provinces from using accountable imprest to procure goods and services. The receipt and disposal details were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee notes with concern that the failure to adhere to Financial Regulation No. 86 concerning the use of accountable imprest could pose the risk of members of staff colluding with the suppliers for personal gratification. As a result, there is a risk that goods and services may be procured at uncompetitive prices. In this regard, your Committee strongly urges the Controlling Officer to ensure that payments for goods and services are made directly to the supplier and not use imprest to procure goods that can be obtained on the open market in order to avoid the risks highlighted. Your Committee further urges him to institute disciplinary action against the officers who abrogated the Financial Regulation in question. Your Committee awaits a progress report.

**i) Failure to Follow Tender Procedures - K199,661**



Contrary to Public Procurement Guidelines No. 1 of 2012, amounts totalling K199,661 were paid by two schools (Mutanda Secondary School – K57,330 and Mukinge Girls Secondary School – K142,331) to various suppliers for the supply of building materials, servicing of motor vehicles and procurement of transportation for sports teams without subjecting them to tender as the amounts were above their authorised procurement threshold of K10,000.

The Controlling Officer reported that the two head teachers had been cautioned to adhere to Public Procurement Guidelines No. 1 of 2012 and the Ministry had also established Procurement Sub Committees in all the provinces. The supporting documentation was available for audit verification.

### **Committee’s Observations and Recommendations**

Your Committee finds it unfortunate that the Controlling Officer allowed officers to make decisions in excess of their jurisdiction. Your Committee is particularly concerned that the officers ignored well stipulated procurement guidelines and observes that such circumvention of tender procedures can result in loss of public funds due to inflated purchase prices. In this regard, your Committee strongly urges the Controlling Officer to ensure that procurement guidelines are always adhered to by officers in the Ministry to avoid the risks highlighted. Your Committee, however, resolves to close the matter subject to audit verification.

**j) Failure to Inscribe Government Assets - K135,505**

The Controlling Officer informed your Committee that the provinces were directed to inscribe all government assets and this had since commenced. The supporting documentation was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee is dismayed that Assets have not been inscribed for a long time. Your Committee resolves not to close the matter until all the Government assets in question are inscribed in order to avoid the risk of loss of the assets. Your Committee will, therefore, await a progress report on this matter.

**k) Unaccounted for Stores - K396,309**

The Controlling Officer informed your Committee that the receipt and disposal details were retrieved and the records were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern that disposal details for stores amounting to K396,309 were not availed to the auditors contrary to the Public Stores Regulation No.16. Your Committee urges the Controlling Officer to institute

disciplinary action on the officers who failed in their duties in this regard. Your Committee will await a progress report on the matter.

**l) Fuel Drawn by Private Vehicles - K5,399**

During the period under review, 546.98 litres of fuel costing K5,399 was irregularly drawn by motor vehicles not on the fleet owned by Chongwe DEBS.

The Controlling Officer explained that the motor vehicles in question were borrowed for purposes of conducting and facilitating for the examination grades. He informed your Committee that there were no GRZ vehicles as they had broken down. The supporting documentation was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to immediately curb the practice of not availing supporting documentation to the auditors during the audit but only availing them afterwards. Your Committee also urges the Controlling Officer to desist from using private vehicles on official Government programmes. Where there is a deficit, other government departments can be engaged to support the programmes. In this vein, your Committee urges the Controlling Officer to institute disciplinary action against the erring officers. Your Committee further requests the Office of the Auditor General to verify the Controlling Officer's response after which the

matter should be closed.

**m) Failure to Disburse Grants to Basic Schools - K1,011,927**

The Controlling Officer reported that the Provincial Education Officer had been directed to ensure that the balance of K1,011,927 which was retained and used for operations at the DEBS offices was refunded and used for the planned purposes. The Controlling Officer further reported that the Ministry was currently piloting a system of directly funding schools from the Ministry of Finance. The supporting documentation was m available for audit verification.

**Committee's Observations and Recommendations**

You Committee insists that officers should not be allowed to make decisions such as diversion of funds without due authorisation. In this vein, your Committee calls upon the Controlling Officer to institute disciplinary action against the officers responsible for this misapplication. Further, your Committee resolves not to close the matter until the funds in question are refunded and used for the planned purposes. Your Committee awaits a progress report on the matter.

**n) Misapplication of Funds - K1,599,033**

The Controlling Officer informed your Committee that the Provincial Education Officers had been directed to refrain from misapplying funds without authority from the treasury and to reimburse the monies without fail.

The Controlling Officer further submitted that the case of Choma PEO was regrettable as the transfer of K80,000 which appeared to have been a misapplication, was actually a refund of the borrowed funds from the Examinations account.

He informed your Committee that the Province had not been funded for some time hence the borrowing to meet urgent administrative activities. He further explained that the balance of K132,070 which was also borrowed by the Provincial Education Office (Southern Province), meant to cater for sports activities at the time. However, the monies had since been refunded and the supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer to desist from misapplying funds at the expense of budgeted for activities. Your Committee urges him to adhere to approved provisions and ensure that funded activities are executed accordingly. Your Committee strongly urges the Controlling Officer to adhere to laid down financial guidelines. Your Committee directs that relevant documentation be availed to the Auditor General for verification, after which the matter should close.

#### **o) Failure to Deduct Tax - K64,530**

The Controlling Officer reported that the pay as you earn which was due from the six officers' at Chipili DEBS would be recoverable as an advance in the month of November, 2016 and the money would be remitted to the Zambia Revenue Authority. He further informed your Committee that the responsible officers had been cautioned. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee is disappointed with the Controlling Officer's failure to deduct the tax in question. Your Committee observes that such an omission deprives the Government of the revenue required to finance development projects in the Country. Your Committee, therefore, strongly urges the Controlling Officer to ensure that the taxes due to the Revenue Authority are deducted and remitted without further delay. Your Committee also calls upon the Controlling Officer to take disciplinary action against the officers responsible for this irregularity. Your Committee awaits a progress report.

#### **p) Failure to Remit Tax - K11,160**

The Controlling Officer informed your Committee that the unremitted taxes totalling K11,160 had since been remitted to ZRA.

### **Committee's Observations and Recommendations**

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

**q) Failure to Recover Loans and Salary Advances-Revolving Fund Account  
- K42,250**

The Controlling Officer reported that the recoveries had since been effected and the supporting documentation was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who did not effect the recoveries as provided for in the Terms and Conditions of Service for the Public Service No 92. Your Committee further urges him to ensure that the unrecovered loans and salaries are recovered from the affected offices without further delay. Your Committee awaits a progress report.

**r) Irregular Payment of Teachers Subsidies' and Incentives - K222,620**

The Controlling Officer informed your Committee that the approving officers of these irregular allowances had been written to and cautioned against paying allowances that were not prescribed in the terms and conditions of service for members of staff. However, the recoveries were effected from the concerned officers and the records were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee is alarmed that public funds were lost through an illegal parallel remuneration system. Your Committee is further alarmed that these allowances were paid without being taxed. Your Committee observes that this omission is as a result of poor supervision and evidently weak internal control systems. Your Committee therefore, urges the Controlling Officer to ensure that internal control systems are strengthened as a matter of urgency. He is further urged to ensure that the Cabinet Circular No. 11 (8) of 2013 is strictly adhered to by the officers at all times. Your Committee further urges the Controlling Officers to institute disciplinary action against all officers responsible for this irregularity and submit all documentation to the Auditor General for verification. Your Committee awaits a progress report on the matter.

**s) Unaccounted for Funds - K11,516**

The Controlling Officer reported that the K11,516 which was not accounted for at the time of audit had since been reconciled and the expenditure returns were available for audit verification.

**Committee's Observations and Recommendations**

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



**t) Unaccounted for funds – K11,516**

The Controlling Officer explained that the uncollected fees totalling K2,231,778 related to orphaned and vulnerable children (OVCs) on the Government Social welfare. Therefore, most of the pupils that failed to pay were vulnerable students supported by Non-Governmental Organisations responsible for supporting vulnerable children as well as the department of Social Welfare who had failed to date, to pay for pupils they pledged to support.

Your Committee was further informed that it was Government policy not to send away pupils from classes for failure to pay school fees. The Ministry was, however, making effort to ensure that the uncollected user fees were paid. The supporting documentation was made available for audit verification.

**Committee's Observations and Recommendations**

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

**u) North Western Province**

**i) Theft of Building Materials – Mukumbi Secondary School - K31,147**

The Controlling Officer informed your Committee that the matter was still under investigation by the law enforcement agencies and an update would be submitted in due course.

### **Committee's Observations and Recommendations**

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

#### **ii) Undelivered Building Materials – Solwezi DEBS - K140,176**

The Controlling Officer submitted that the Provincial Education Officer had been requested, to account for the undelivered building materials. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that such an omission can result in the loss of public funds as the materials paid for may never be supplied. Your Committee is of the view that if they had performed their duties diligently, the stores officers would have discovered that the building materials were not accounted for. In this regard, your Committee urges the Controlling Officer to ensure that internal control measures and supervision of stores officers are strengthened. He is further urged to institute disciplinary action against all the officers responsible for this anomaly, and ensure that the materials are delivered and accounted for without further delay. Your Committee awaits a progress report on the matter.

**v) Copperbelt Province**

**i) Irregular Drawing of Fuel – Mpongwe DEBS - K7,825**

The Controlling Officer informed your Committee that the erring officer had since been transferred from Mpongwe and had been demoted from PESO to SESO –ODL as part of the disciplinary action instituted against him. He was further transferred from the Province. Your Committee was further informed that the office had also effected recoveries on the excess fuel of 895.31litres costing K7,825 from the erring officer for the month of November, 2016. The supporting documentation was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the recoveries are effected and will await a progress report.

**ii) Irregular fuel drawings by Private Vehicle – Lufwanyama DEBS - K6,518**

The Controlling Officer explained that these were vehicles borrowed from private institutions such as Save the Children and other Projects to support the DEBS office during the examination process in 2015. The supporting documentation was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer against waiting until matters are before the Public Accounts Committee before dealing with them. Your Committee further urges him to always ensure that authority is obtained and proper documentation maintained highlighting why private vehicles should draw fuel in order to avoid such irregularities. Your Committee further urges him to institute disciplinary action against the erring officers and will await a progress report.

### **iii) Irregularities in the Procurement of Computers – Ndola DEBS**

The Controlling Officer reported that the supplier of the old computers was granted authority to supply refurbished computers. To date, the company had supplied twenty computers and the balance of forty computers was to be delivered before the end of November, 2016. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee is displeased with the length of time it has taken the Controlling Officer to address this issue. Your Committee, in this regard, implores him to apply himself fully and ensure that the computers are delivered without further delay in order for the beneficiaries to derive the full benefits of the computers. Your Committee further urges him to ensure that only reputable suppliers are selected to supply specific

products to avert such anomalies. Your Committee will await a progress report on the matter.

**w) Irregular Procurement of ICT Equipment – Petauke DEBS**

The Controlling Officer informed your Committee that the officer had since been charged for flouting tender procedures. He informed your Committee that the Ministry was also in the process of conducting training in procurement processes and practices in accordance with the ZPPA Act and Regulations. The supporting documentation was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the purported training is conducted as soon as possible in order to avert such irregularities. Your Committee will await a progress report on the matter.

**x) Lusaka Province Revolving Account**

**i) Failure to Collect Materials– Kafue DEBS – K3,459**

The Controlling Officer reported that the wire fence and fencing accessories had since been collected and the necessary documents to show proof of collection from the company were available for audit verification.

He further reported that the office was currently fully fenced and the pictures of this development as well as the progress report from the buildings officer were available for audit scrutiny.

### **Committee's Observations and Recommendations**

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

#### **ii) Hire of Conference Facility without Authority – Sports Account – Lusaka PEO - K38,900**

The Controlling Officer informed your Committee that the Permanent Secretary for Lusaka Province had granted retrospective authority to the Lusaka Provincial Education Officer allowing him to hold an Annual Review Meeting. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer to desist from this practice and urges him to institute disciplinary action against the officer responsible for this irregularity. Your Committee will wait a progress report on the matter.

#### **y) Unreceived School Grants – Western Province - K263,449**

The Controlling Officer reported that the unaccounted for K263,449 had since been reconciled and accounted for. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee reiterates its concern over failure by officers in the Ministry to adhere to provisions of the Financial Regulations as regards timely reconciliation of the relevant accounting documents. In this regard, your Committee urges the Controlling Officer to institute disciplinary action against the officer's responsible for this irregularity. Your Committee will await a progress report on the matter.

#### **z) Muchinga Province**

##### **i) Unreimbursed Borrowings – Chinsali PEO, Revolving Account K30,746**

The Controlling Officer submitted that the office had committed to refund the borrowings as soon as funding for the activities on which the

borrowed funds were used was made available. The supporting documentation was available for audit scrutiny.

### **Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer to desist from borrowing funds from budgeted activities, resulting in non execution of such activities. Your Committee urges him to ensure that all borrowed funds are paid back without further delay in order for the budgeted activities to be executed as per budget provisions. Your Committee awaits a progress report on this matter.

#### **ii) Uninsured Motor Vehicles – Chinsali DEB**

The Controlling Officer informed your Committee that there were many contributing factors to this, including inadequate funding from the Treasury. Further, the useful life of the motor vehicles in question could not properly be estimated due to age factors. For instance the Land Cruiser GRZ 423BS was received in the year 2001. The supporting documentation was made available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the Controlling Officer had to be reminded to insure the vehicles, which was a mandatory requirement for all Government assets. Your Committee, therefore, urges him to ensure that the motor vehicles are insured in order to safeguard them as well as



the lives of the operators in case of accidents. Your Committee will await a progress report on the matter.

**iii) Overpayment of Subsistence Allowances - K6,160**

The Controlling Officer reported that the officers who approved these irregular over payments had been cautioned and recoveries on the concerned officers had been effected. The supporting documentation was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee directs the Controlling Officer to institute disciplinary action against the officers who approved the overpayments and to submit evidence of the resources to the Auditor General for verification. Your Committee resolves to close the matter subject to audit verification.

**iv) Funds for Orphans and Vulnerable Children (OVCs) - K1,226,485**

The Controlling Officer submitted that the balance of K1, 226,485 had since been remitted to the provinces, DEBS and schools countrywide. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee strongly cautions the Controlling Officer against the recurrence of this query. Your Committee however, resolves to close the matter subject to audit verification.

#### **v) Irregular Procurement – Nyimba DEBS**

The Controlling Officer reported that the District Education Board Secretary had been reprimanded and the supporting documentation was made available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that the officer willfully circumvented procurement procedures, which resulted in the purchase of wrong items. Your Committee urges the Controlling Officer to institute disciplinary action against the officers responsible for this irregularity. Your Committee, further, strongly urges the Controlling Officer to ensure that periodic training on procurement procedures are done to avoid the recurrence of this matter. Your Committee awaits a progress report on the matter.

**MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND  
EARLY EDUCATION**

**AUDIT QUERY**

**PARAGRAPH 48**

UNITS : Various  
PROGRAMMES : National Implementation Framework (NIF) III  
ACTIVITIES : Various

### **Accounting and Other Irregularities**

48. An examination of accounting and other records maintained at the Ministry headquarters, provinces and districts carried out in July, 2016 revealed various irregularities to which the Controlling Officer responded as set out below.

#### **a) Failure to Produce Activity Reports - K650,215**

The Controlling Officer informed your Committee that the activity reports in question had been retrieved and the records were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable for the Ministry not to avail the necessary documentation to the auditors during the audit process and cautions the Controlling Officer to take concrete steps to curb this practice. Your Committee further urges the Controlling Officer to institute

disciplinary action against the erring officers for negligence of duty. Your Committee will await a progress report on the matter.

**b) Irregular Use of Imprest to Procure Goods and Services - K51,022**

The Controlling Officer reported that the imprest that was irregularly paid to procure the goods and services was supported with receipt and disposal details. He informed your Committee that the Ministry had since issued an internal circular to directors and provinces restraining the use of accountable imprest to procure goods and services. The supporting documentation was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the length of time that it has taken the Controlling Officer to normalise the matter and therefore, questions the authenticity of the receipts and disposal details. Your Committee, in this regard, urges him to institute disciplinary action against the erring officers for this irregularity in order to serve as a deterrent to others. He is further urged to ensure that officers always comply with the financial regulations to avoid such irregularities forthwith. Your Committee directs the Controlling Officer to submit all relevant documentation to the Auditor General for verification and will await a progress report on the matter.

**c) Unaccounted for Stores - K106,394**

The Controlling Officer explained that at the time of audit, the recipients did not give back acknowledgements for the receipts. However, the receipt and disposal details in respect of the unaccounted stores totalling K106,394 had since been retrieved and the Ministry had taken steps to ensure that record keeping was enhanced in the provinces. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee is concerned that the receipt and disposal details were being updated in 2016 for items that were procured in 2015, and therefore, questions the authenticity of the receipts and disposal details. Your Committee, in this regard, urges the Controlling Officer to discipline the erring officers for this irregularity in order to serve as a deterrent to others. He is further urged to submit all relevant documentation to the Auditor General for verification and ensure that officers manning stores are well inducted in order to avoid such irregularities. Your Committee will wait a progress report on the matter.

#### **d) Failure to Provide Contracts - Zambia Education Publishing House (ZEPH)**

- i) The Controlling Officer informed your Committee that there was no contract agreement entered into but a normal agreement through a Local

Purchase Order as this was an institution under the Ministry. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that the auditors did not receive the requisite cooperation during the audit process. Your Committee, therefore, urges the Controlling Officer to institute disciplinary action against the erring officers for this failure to provide the Local Purchase Order to the auditors and avoid this query. Your Committee awaits a progress report on the matter.

- ii) The Controlling Officer submitted that the distribution and delivery notes were retrieved and the records were available for audit scrutiny.

### **Committee's Observations and Recommendations**

Your Committee finds the explanation given unacceptable and urges the Controlling Officer to institute disciplinary action against the erring officers for this irregularity. The Controlling Officer is further urged to ensure that records management is strengthened at the Ministry. Your Committee will await a progress report on the matter.

## **e) Supply and delivery of text books for Grades 1, 5, 8 and 10**

### **i) Lack of Bidding Documents and Evaluation Reports**

The Controlling Officer submitted that it was regrettable that at the time of audit the bidding documents and evaluation reports were not available for audit. However, the bidding and evaluation reports had since been retrieved and the supporting documentation was available for audit scrutiny.

### **Committee's Observations and Recommendations**

Your Committee finds the explanation given unacceptable and urges the Controlling Officer to institute disciplinary action against the erring officers for this irregularity. The Controlling Officer is further urged to ensure that records management is strengthened at the Ministry. Your Committee will await a progress report on the matter

#### **ii) Lack of Variation Order**

The Controlling Officer submitted that the variation order had been retrieved and the records were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds the explanation given unacceptable and urges the Controlling Officer to institute disciplinary action against the erring officers who did not adhere to the ZPPA regulation in question. Further, the Controlling Officer is directed to present all relevant documents to the Auditor General for verification. Your Committee will await a progress report on the matter.

### **iii) Undelivered Text Books**

The Controlling Officer explained that, at the time of audit, the books were still being delivered to different districts by the Ministry staff. However, the books had since been delivered to all the districts and the supporting documentation was available for audit verification.

#### **Committee's Observations and Recommendations**

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

### **f) Unaccounted for Text Books between DEBS and Schools**

The Controlling Officer submitted that the text books that were delivered to various schools were accounted for in the respective stores records. The receipt and disposal details were available for audit verification.

#### **Committee's Observations and Recommendations**



Your Committee recommends that the matter be closed subject to audit verification. However, your Committee urges that in future, such anomalies should attract a surcharge for negligence of duty.

**g) Failure to Distribute Books to Primary Schools - K477,010**

The Controlling Officer informed your Committee that the failure to distribute books to primary schools was as a result of the financial challenges that the Ministry was facing due to erratic funding from the Ministry of Finance. However, two Provincial Education Officers were directed to ensure that the outstanding balance of 51,280 books costing K477,010 not distributed to the schools were delivered without fail and delivery reports availed for audit verification.

**Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to ensure that books are delivered without fail in order for the purpose for which the books were procured to be achieved. Your Committee awaits a progress report on the matter.

**h) Failure to deliver Free Education Materials to Schools – Chembe District**

The Controlling Officer informed your Committee that the outstanding balance of 316 text books had since been delivered and the records were available for audit verification.

### **Committee's Observations and Recommendations**

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

#### **i) Failure to Distribute Books – Ikelenge DEB Office - K94,054**

The Controlling Officer reported that the books had since been distributed and the records were available for audit verification.

### **Committee's Observations and Recommendations**

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

#### **j) Failure to Deliver Books to Schools as Per Allocation – Zimba DEB**

The Controlling Officer explained that the failure to distribute the books to the respective schools was as a result of financial challenges that the Ministry was facing due to inadequate funding from the Treasury.

He informed your Committee that the distribution of outstanding books to the two secondary schools had since commenced. The delivery reports and other supporting documentation were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to ensure that all the books are distributed in order for the purpose for which they were procured to be achieved. Your Committee awaits a progress report on the matter.

**k) Failure to Deliver Mobile Science Laboratories - National Science Centre (NSC)**

**i) Missing Laboratory Apparatus – PEO Mongu - K27,300**

The Controlling Officer explained that there were delays in supplying the said apparatus due to slow procurement processes. He informed your Committee that the missing apparatuses were supplied to the Provincial Education Officer in Western Province for the onward delivery to the intended beneficiaries. The supporting documentation and letter to the Provincial Education Officer in Western Province requesting for the missing apparatus to be delivered promptly were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to immediately institute investigations into the issue of the missing apparatus with a view to ensuring that it was delivered to the intended beneficiaries. The matter should be reported to the law enforcement agencies for appropriate action. Your Committee awaits a progress report on the matter.

#### **ii) Failure to Use Mobile Science Laboratories – PEO, Mongu**

The Controlling Officer reported that the Provincial Education Officer was directed to adequately plan for laboratory infrastructure and to ensure that all the missing components were supplied to the three districts without fail. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to ensure that all the missing components are supplied to the three districts without fail and will await a progress report on the matter.

**l) Failure to Supply Mathematical Graph Boards – National Science Centre**

**i) Undistributed Mathematical Graph Boards – Western Province: K19,600**

The Controlling Officer explained that the delay was as a result of slow procurement processes and informed your Committee that the Provinces received the mathematical graph boards. The Provincial Education Officers were also directed to ensure that the undistributed mathematical graph boards were delivered and the receipt and disposal details availed for audit verification. The supporting documentation was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the undistributed mathematical graph boards are delivered forthwith and the receipt and disposal details availed for audit verification without further delay. Your Committee awaits a progress report on the matter.

**ii) Failure to Distribute Mathematical Graph Boards (MGB) – Southern Province - K105,000**

The Controlling Officer submitted that the 300 mathematical graph boards had since been distributed to the intended beneficiaries and the records were available for audit verification.

### **Committee's Observations and Recommendations**

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

#### **iii) Failure to Distribute Graph Boards to Schools – Chisamba DEBS**

The Controlling Officer informed your Committee that the National Science Centre was directed to replace the damaged graph boards and had accordingly commenced the production of various learning aids. Delivery would be done in Phase II, including the replacement of the damaged graph boards. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the mathematical graph boards are delivered and the receipt and disposal details availed for audit verification without further delay. Your Committee awaits a progress report on the matter.

#### **m) Contract for the Construction of Wall fence – Ya Investments Limited**

##### **i) Failure to Provide Pre-award of Contract Documents**

- The Controlling Officer reported that all the documents relating to the procurement process and the tender evaluation reports for the contractor were retrieved from the Ministry of Education,

Procurement Unit and the records were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to take disciplinary action against the officers responsible for the poor filing contrary to the ZPPA Regulation No. 18 and 20. Your Committee awaits a progress report on the matter.

- The Controlling Officer informed your Committee that the missing information such as the contract date, the site handover date, the date signed, the date stamp and the start and expected completion date had since been regularised and the records were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee is dismayed that the Controlling Officer signed a contract that had vital missing information such as the contract date, the site handover date, the expected completion date and a date stamp. Your Committee detests the fact that the Controlling Officer himself appears to be abrogating Government regulations. Your Committee, in this regard, sternly cautions the Controlling Officer for this lapse. The matter is, however, recommended for closure subject to audit verification.

- The Controlling Officer informed your Committee that the supporting documentation had been retrieved and the records were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds this unacceptable and urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers after which the matter should be closed. Your Committee awaits a progress report.

#### **ii) Questionable payment**

The Controlling Officer informed your Committee that the contractor was given a letter of warning for the termination. However, this did not mean that the contract was terminated. He explained that at the time of the site visit undertaken in November, 2015 by the School Infrastructure Unit, from the Ministry of General Education, it was observed that a stretch of 130 metres was already built up to two metres height, but since some portion of block work was defective, site instructions were issued to the contractor to revisit the works for the three courses and not for the entire two metres height of block work. The supporting documentation was available for audit verification.

On other specific issues, the Controlling Officer further responded as set out below.



- Incomplete works

The Controlling Officer reported that the works were rectified and the certificate was available for audit verification.

- Failure to evoke Clause 46 of the Contract

The Controlling Officer further submitted that the contractor was cautioned and warned to expedite the works. The supporting documents were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the poor workmanship by the contractor and further finds it unacceptable that the Ministry failed to invoke Clause 46 of the contract. Furthermore, your Committee finds it highly irregular that payment was made to the contractor despite the poor workmanship observed on the works. The Controlling Officer is, therefore, urged to ensure that Clause 46 is invoked without further delay and that the remaining works are expeditiously completed. Your Committee awaits a progress report on the matter.

#### **n) Construction of Administration block by October First Enterprises**

- The Controlling Officer submitted that the tender evaluation report was retrieved and the records were available for audit verification.

### **Committee's Observations and Recommendations**

In noting the submission, your Committee urges the Controlling Officer to always ensure that important documents relating to tender evaluations are properly filed to avoid recurrence of such irregularities. Your Committee further urges him to caution the erring officers for this lapse. Your Committee however, resolves to close the matter subject to audit verification.

- The Controlling Officer informed your Committee that by July, 2016, 80% of the first floor superstructure blockwork had been done and 50% of the reinforcement to the suspended slab was in place, awaiting the casting of the concrete.

He informed your Committee that the progress report and supporting documents were retrieved and the records were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all available options are pursued to ensure the works are expeditiously completed. A progress report is being awaited by your Committee.

- The Controlling Officer further informed your Committee that after all stages were exhausted, a letter of termination could be issued accordingly. He explained that termination was not the first option

because once this was applied; it had negative effects which could be felt by both the client and stakeholders. Hence the need to hold discussions with the contractor to try and mitigate risks that may arise from termination. The supporting records such the latest minutes of the project meeting and warning of termination were available for audit verification.

### **Committee's Observations and Recommendations**

Whilst noting the submission, your Committee urges the Controlling Officer to ensure that the works are well supervised and completed and that the matter relating to the contractor was resolved without further delay. Your Committee awaits a progress report on the matter.

- The Controlling Officer informed your Committee that the project was extremely affected by import price fluctuations which the country was facing in the past two years. The bids were evaluated in 2014 and the site was handed over to the contractor on 4<sup>th</sup> May, 2015. He submitted that a lot happened during this period, warranting an extension of time to the project. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that works were abandoned by the contractor and questions why the Controlling Officer allowed this action by not invoking Clause 46 of the contract. Your Committee, in

this regard, recommends that the matter be handed over to law enforcement agencies for further probing as circumstances are not clear as to why the contractor demobilized. Your Committee awaits a progress report on this matter.

**o) Failure to Procure Apparatus and SWAP Chemicals - K4,355,993**

The Controlling Officer explained that the delays were caused by the failure by the Attorney General's Chambers to clear the draft contracts which were submitted on 22<sup>nd</sup> January 2015. The clearance letter from the Attorney General's Chambers was, therefore, only received on 25<sup>th</sup> August, 2015. The Controlling Officer further reported that upon receipt of the clearance letter from the Attorney General's Chambers, the Ministry sent letters of awards to the successful bidders and the bidders did not accept the offers because they took long from the date of bidding. The suppliers were of the view that the prices were no longer valid and this was further complicated by the massive fluctuation of the Kwacha to the United States Dollar from K5.00 to K13.00.

Following the requests to adjust the unit prices from the awarded suppliers, the Ministry wrote to all the bidders who reached the commercial evaluation stage to re-validate the prices and a re-evaluation was done. On 5<sup>th</sup> May, 2016, the Ministry of Education Procurement Committee approved the request to award contracts to the three suppliers for the supply and delivery of laboratory equipment to secondary schools countrywide under the Sector Wide Approach Programme (SWAP).

The Ministry also wrote a request letter to the Attorney General's Chambers for the clearance of the draft contracts which were submitted on 29<sup>th</sup> June, 2016.

The clearance letters from the Attorney General's Chambers were received on 2<sup>nd</sup> August, 2016 and 3<sup>rd</sup> August, 2016 respectively and all the three contracts had since been signed and the Ministry was awaiting delivery in line with the contracts. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Attorney General's Chambers to clear the draft contracts on time which resulted in the Government paying more money as a result of the fluctuation in the exchange rate of the Kwacha to the United States Dollar. Your Committee, in this regard, particularly cautions the Attorney General's Chambers to ensure that matters of public interest are expeditiously dealt with to avoid losses on the Government. Your Committee, however, resolves to await a progress report on the supply and deliver laboratory equipment and chemicals to secondary schools countrywide.

## MUCHINGA PROVINCE

### AUDIT QUERY

### PARAGRAPH 49

UNIT : Various

PROGRAMME: Poverty Reduction Programme (PRP)

ACTIVITY : Infrastructure

### **Accounting and other Irregularities**

49. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of projects carried out during the period from February to June 2016 revealed various weaknesses to which the Controlling Officer responded as set out below.

#### **a) Construction of a Six Storey Office Block for the Provincial Administration – Chinsali – K48,682,288**

The Controlling Officer submitted that the observations made by the external auditors were correct. The outstanding works and the delay to honour certificates was largely attributed to the non-availability of funds from central Government. However, management had written to the Ministry of Finance to accelerate the release of funds so that future completion certificates could be honoured on time in accordance with the general conditions of the contract.

Out of the remaining works reported by the auditors not to have been done, the following works had since been done:

- Fitting of bulletin boards
- Cladding
- Fiting of a 10,000 litre surface tank

The remaining works would be done from the balance of K15,213,496 remaining from the project.

### **Committee's Observations and Recommendations**

Your Committee is concerned over the avoidable delay to honour completion certificates and the subsequent delay in the completion of the project. Your Committee notes that if the Provincial Administration had engaged the Treasury prior to signing the contract, in order to establish the planned funding releases towards the project. It is regrettable that the Provincial Administration signed the contract without the Treasury's input on the funding profiles, resulting in the project remaining outstanding two years after its expected completion date. Your Committee urges the Controlling Officer to follow up release of the balance of K15,213,496 with the Ministry of Finance in order to facilitate the completion of the remaining works. In addition, your Committee reiterates that future contracts should only be signed after the Treasury has given clear funding profiles for the projects in order for a more realistic completion period to be provided. Your Committee resolves to await a progress report on the completion of the outstanding works.

**b) Construction of a Four Storey Office Block for the Provincial Administration in Chinsali – K22,575,211**

The Controlling Officer submitted that it was true the observations made by the external auditors on the outstanding works and the delay to honor certificates were largely attributed to the non-availability of funds from central Government. However, management had written to Ministry of Finance to quicken the release of funds so that future completion certificates were honored on time in accordance with the general conditions of the contract.

Out of the remaining works observed by the auditors not to have been done, the following works had since been done:

- Fitting of bulletin boards
- Cladding
- Fitting of a 10,000 litre surface tank.

The remaining works would be done from the balance of K15,213,496 remaining from the project.

**Committee's Observations and Recommendations**

Your Committee is disappointed with the over procurement of projects in the new province resulting in delays to pay the contractor to complete the works. Your Committee urges the Controlling Officer to make follow-ups with the Ministry of Finance on the remaining balance of K15,213,496 in order to



facilitate the completion of the remaining works. In addition, future contracts must be signed after the Treasury has given precise time frames for the release of funds in order for a more realistic completion period is provided. Your Committee resolves to await a progress report on the completion the outstanding works.

### **Construction of Thirty Medium Cost Houses in Chinsali – K17,916,663**

The Controlling Officer submitted that the delay in the completion of the project were largely attributed to the non-availability of funds from the Government. However, management had written to Ministry of Finance to have the funds for projects released in order to complete the outstanding works.

Furthermore, non-renewal of the performance bond by the contractor delayed the extension of the contract by nine months.

Twenty eight houses had since been plastered outside while six had also been plastered inside.

### **Committee's Observations and Recommendations**

Your Committee is alive to the fact the creation of Muchinga Province necessitated the massive construction of infrastructure. This, however, was not supported by an infrastructure development plan, or indeed a financing plan. This, resulting in the challenges being experienced in terms of the completion period. Your Committee contends that the implementation of the

infrastructure development should have been done in a phased manner, taking into account the limited resource envelope. Your Committee urges the Controlling Officer to follow up the release of the outstanding amount with the Ministry of Finance in order to facilitate the completion of the remaining works. In addition, Your Committee directs that future projects should be undertaken in a phased manner, taking into account the resource envelope. Your Committee resolves to await a progress report on the completion of the outstanding works.

**c) Construction of a Two Storey Office Block for Office of the President (Special Division) in Chinsali – K12,854,692**

The Controlling Officer submitted that the fuel storage tank was an item in the provisional sum in the bill of quantity. The project manager and the client (Special Division) had tried hard to find a subcontractor to construct the underground fuel tank but failed to find a one. To that effect the client and the contractor were in the process of cancelling the item. This meant that the funds for the tank won't be used but would be retained by the Treasury.

Management was unable to charge liquidated damages as stipulated in the contract because the delay to complete the project was caused by the Government's failure to honour the completion certificate on due dates as observed by the auditors.

## **Committee's Observations and Recommendations**

Your Committee finds the non submission of completion certificates by the contractor unacceptable. This further shows the laxity on the part of the Provincial Administration in making follow-ups on the much needed administrative requisites for the completion of the project. This action has a negative impact on the funds which ordinarily would have been channeled to other important needs. Your Committee urges the Controlling Officer to ensure that the funds are released in order to avoid a recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

### **d) Construction of Twenty Low Cost Houses, Ten Medium Cost Houses and Ten High Cost Houses – K28,895,428**

The Controlling Officer submitted that China Jiangxi Corporation bid for the construction of twenty low cost houses, ten medium cost houses and ten high cost houses at a sum of K31,182,592. However, after technical evaluation, the bid sum was corrected to K28,895,428 and consequently the contractor was awarded the contract at a sum of K28,895,428. Furthermore, the contractor was still on site to finish the remaining works as observed by the auditors which were less than ten percent of the total works. The cost of the outstanding works would be borne from the balance of K4,201,724 remaining on the contract. The delay in the completion of the works had been caused by failure by Government to settle completion certificates as observed by the auditors.

## **Committee's Observations and Recommendations**

Your Committee finds the non submission of completion certificates by the contractor unacceptable. This further shows the laxity on the part of the Provincial Administration in making follow-ups on the much needed administrative requisites for the completion of the project. Your Committee urges the Controlling Officer to ensure that the erring consultants are disciplined for this action in order to avoid a recurrence of the query. In addition, the Controlling Officer should ensure that the outstanding balance is paid without delay. The original BOQ should be adhered to. Your Committee resolves to await a progress report on the completion of the outstanding works on the project.

### **e) Construction of One Minister's House and One Permanent Secretary's House in Chinsali – K4,766,775**

The Controlling Officer submitted that the tender to construct the Minister's and Permanent Secretary's houses was awarded to Buildcon Investments Limited at a combined contract of K4,701,586.60.

The process in the award of the contract involved the following stages:

- 1) authority from ZPPA for limited bidding;
- 2) invitation to tender for the construction of one Minister's house Lot 1 and one Permanent Secretary's house Lot 2 in Chinsali District tender number PAMP W/358/13 to selected bidders as indicated in the authority from ZPPA

- 3) the preliminary, technical and commercial evaluation was done as attached
- 4) main tendering committee meeting held on the 24<sup>th</sup> June 2013 awarding the contract to Buildcon Investments
- 5) clearance of contract by the Attorney General's office
- 6) signing of the contract
- 7) submission of performance bond by the contractor
- 8) submission of advance bond
- 9) site passion by the contractor
- 10) authority for architectural design

As at 10<sup>th</sup> December, 2016, the contractor had been paid a total of K4,127,551.00, leaving a balance of K574,0360.

As observed by the auditors, out of the outstanding works the following works as at 20<sup>th</sup> December, 2016 had been done.

- supplying and fitting of four mirrors;
- completion of painting of Minister's house;
- Tiling of gym; and
- Equipping of a borehole at the Minister's house and water connection.

The total remaining works were less than ten percent of the total works covered by the contract. The delay in the completion of the works had been caused by failure on the part of the Government to settle payment certificates as observed by the auditors.

## **Committee's Observations and Recommendations**

Your Committee notes with concern that while the newly created provincial capital for Muchinga Province needs infrastructure, it is dismayed with the quantum of funds that the Government has spent on the construction of the two houses. Your Committee regrets that the cost of the houses does not appear to be commensurate with the quality of the houses. Your Committee urges the Controlling Officer to review the entire contract given the numerous irregularities highlighted by the auditors. Additionally, the Government is urged to standardise houses for all Provincial Ministers and Permanent Secretaries to avoid abuse of public resources. Your Committee resolves to await a progress report on the completion of the outstanding works.

### **f) Construction of Three (3) Storey Civic Centre for Chinsali Municipal Council – K30,549,576.02**

The Controlling Officer submitted that the contractor was on site and the contract was extended from 31<sup>st</sup> March 2016 to 31<sup>st</sup> January, 2017. As of 3<sup>rd</sup> November roofing had been done with the following outstanding works to be completed before the extended completion date of 31<sup>st</sup> January, 2017.

- plumbing
- electrical installations
- glazing
- tiling
- filling of aluminium doors and windows

- parking areas and drainage works

### **Committee's Observations and Recommendations**

Your Committee finds the non submission of completion certificates by the contractor unacceptable. This shows the laxity by the consultants in providing the much needed administrative support for the completion of the project. Your Committee urges the Controlling Officer to ensure that the erring officers are disciplined for this lapse in order to avoid the recurrence of the query. Your Committee resolves to await a progress report on the completion of the outstanding works by 31<sup>st</sup> January, 2017.

#### **g) Construction of a Post Office Block in Shiwang'andu**

The Controlling Officer submitted that according to the minutes dated 2<sup>nd</sup> June, 2016, (7.2.3) the Provincial Procurement Committee decided that the contractor should be communicated to and given seven days to show cause why the contract should not be terminated for failure to deliver the project within the agreed time frame. It was also decided that a letter be written to the contractor's insurance company requesting for the execution of the performance bond number LK/002/02793112/14 in the amount of K692,264.37 if there was no response within seven days.

The contractor was written to and to date there had been no response. In this regard, the contract had been terminated as per minute of the Provincial Procurement Committee dated 10<sup>th</sup> November 2016.

### **Committee's Observations and Recommendations**

While noting the action by the Provincial Administration, your Committee expresses disappointment that the action was only taken after the auditors raised the query. Your Committee also raises consternation on the high cost of buildings in the province. It is shocking that a simple structure of a post office can cost amounts totaling K 2,307,548. It is worrying that the people of Shiwang'andu are being denied this important service due to laxity by management. Your Committee urges the Controlling Officer to ensure that the contract is re-tendered without any further delay. Further, the contractor in question should be blacklisted for failure to perform in accordance with the contract. Your Committee, therefore, resolves to await a progress report on the re-tendering of the contract and the subsequent completion of the outstanding works.

**h) Construction of an Office Block for Shiwang'andu District Administration**

The Controlling Officer submitted that the cost of the outstanding works would be borne from the balance of K400,414.33 remaining on the contract. The contractor would not be paid his retention fee until he attended to the defects, observed by the auditors. If the contractor failed to attend to the defects the Provincial Buildings Engineer would attend to the defects using his retention fee. The Provincial Buildings Engineer had since issued instructions to the contractor to work on the outstanding defects. The funds meant for the purchase of the motor bike was used to pay for extra works which the contractor were instructed to do by the project manager.

**Committee's Observations and Recommendations**



Your Committee expresses concern with the management of projects in the province. Your Committee is disheartened that none of the projects carried out in the recent past has been completed within the contractual period due to various reasons including the laxity by the Provincial Administration in ensuring that the contractors are paid on time. Your Committee urges the Controlling Officer to ensure that the remaining works are completed without any further delay. Your Committee resolves to await a progress report on the completion of the outstanding works.

**i) Construction of Ten Medium Cost Houses in Shiwang'andu District**

The Controlling Officer submitted that of an amount of K305,654 that was overpaid to the contractor, a sum of K50,000 had since been paid back, leaving a balance of K255,654. Copies of receipt and deposit slips of the repayments were available for audit verification. Efforts were being made to have the outstanding balance recovered from the contractor.

**Committee's Observations and Recommendations**

Your Committee is shocked to learn that the overpayment of K305,654 has not been collected in full despite the contractor acknowledging the anomaly. Your Committee also wonders how an overpayment of such magnitude could be processed and approved and finds it difficult to believe that this was an honest mistake and no criminality was involved. In this vein, your Committee calls for thorough investigations and prosecution of the culprits if necessary. The consultants must be surcharged for his conduct as the funds

would have been channeled to other projects. Your Committee resolves to await a progress report on the investigations, the repayment of the overpayment and completion of the outstanding works.

**j) Construction of a Post Office Block in Mafinga – K2,490,825**

The Controlling Officer submitted that according to the minutes dated 2<sup>nd</sup> June, 2016, (7.1.4) the Provincial Procurement Committee decided that the contractor should be communicated to, giving seven days to show why the contract should not be terminated for failing to deliver the project within the agreed time frame.

Since there was no response from the contractor it was decided to terminate the contract during the Provincial Procurement Committee meeting held on the 10<sup>th</sup> November, 2016. The minutes were available for verification.

**Committee's Observations and Recommendations**

While noting the action by the Provincial Administration to terminate the contract, your Committee expresses disappointment that the action was only taken after the auditors raised the query. Your Committee also raises consternation on the high cost of buildings in the province. It is shocking that a simple structure of a post office can cost amounts totaling K2,490,825. It is worrying that the people of Mafinga are being denied this important service due to laxity by the Provincial Administration.

Your Committee urges the Controlling Officer to ensure that the contract is re-tendered without any further delay. The contractor should also be blacklisted for failure to perform according to the contract. Your Committee resolves to await a progress report on the re-tendering of the contract and the subsequent completion of the outstanding works.

**k) Construct ion of Ten Medium Cost Houses in Mafinga – K6,335,839**

The Controlling Officer submitted that the delay in the completion of the project was largely attributed to the non-availability of funds from central Government. Since over ninety percent of the works had been done, the Provincial Procurement Committee decided that the contractor should be given enough time to complete the outstanding works. This was so because government was also to blame for the delay due to not honouring the completion certificates on time. Management had since written to Ministry of Finance to have the funds for projects be released so as to complete the outstanding woks.

**Committee’s Observations and Recommendations**

Your Committee finds the non-submission of completion certificates by the contractor unacceptable. This shows the laxity by the project managers in providing the much needed administrative requisites for the completion of the project. Your Committee contends that the Provincial Administration should in future only sign contracts when all the funds have been secured from the Treasury for such projects. Your Committee urges the Controlling Officer to ensure that the responsible project managers are surcharged for

this action in order to avoid the recurrence of the query. Additionally, the Controlling Officer is urged to follow up the release of funds for the projects with the Ministry of Finance. Your Committee resolves to await a progress report on the completion of the outstanding works.

**l) Construction of the District Commissioner's House in Nakonde – K950,666**

The Controlling Officer submitted that the payments to the contractor were as follows:

<b>Year</b>	<b>Expenditure K</b>
2013	285,120.00
2014	557,378.00
2015	179,388.44
2016	-71,219.98
	<b>950,666.46</b>

The defective lighting switches in the bedroom, the security lights and replacement of galvanised pipes and fittings which were used for plumbing installations and concrete cement used for the was trough instead of asbestos cement pipes and fittings for plumbing works as well as the wash troughs had been attended to as per attached inspection report from the district works supervisor. The variation authority to change from solar to hydro power installation was attached.

**Committee's Observations and Recommendations**

Your Committee finds it unacceptable that this information was not availed during the audit process. This point to the fact that the Provincial Administration does not give the audit process the attention it deserves. Your Committee urges the Controlling Officer to desist from making payments before the completion of the liability period. Additionally, the responsible officers should be disciplined for this action in order to avoid the re-occurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**m) Rehabilitation of the District Commissioner's Office Block in Mpika – K713,453**

The Controlling Officer submitted that as of June, 2016, the contractor had been paid a total amount of K677,780.63 out of the contract sum of K713,453 leaving a balance of K35,672.66 as shown in the table below. There were the funds which would be used to clear the remaining works.

**PAYMENTS TO DATE**

S/L	Date	Expenditure	Amount K
1	2013	Advancement Payment	142,690.60
2	014	Certificate. 02	93,298.00
3	13.04.2015	Certificate. 03	441792.03
	<b>Total</b>		<b>677,780.63</b>

The contractor had failed to follow the instructions from the project

manager; therefore, the contract was scheduled for termination. The remaining works would be done by the Provincial Buildings Engineer using the retention funds amounting to K35,672.66 which had not been paid to the contractor.

### **Committee's Observations and Recommendations**

Your Committee expresses concern with the delay in the termination of the contract when it was clear that the contractor is not complying with the terms of the contract. Your Committee strongly supports the resolve by the Provincial Administration to engage the Provincial Buildings Engineer to complete the remaining works, provided that the quality of the works is not compromised. Your Committee urges the Controlling Officer to ensure that the contract is formally terminated in order for the outstanding works to be attended to without any further delay. Additionally, the consultant must closely supervise the outstanding works so that the quality of works is not compromised. Your Committee resolves to await a progress report on the completion of the outstanding works.

#### **n) Rehabilitation of the District Commissioner's Office Block in Chama – K1,317,983**

The Controlling Officer submitted that the defects on the remaining works would be worked on before payment of a retention amount of K168,344.00.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the Provincial Administration only took action after the audit findings. This shows the lack of seriousness by the Provincial Administration in ensuring that the quality of works is commensurate with the funds paid to the contractor. Further, going by this revelation, it is clear that the consultants are not supervision of the projects as expected, hence the laxity by the contractor to adhere to the terms and conditions of the contract. Your Committee urges the Controlling Officer ensure that the contractor is written and requested to rectify the identified defects. Further, the remaining works should be completed without any further delay failure to which the contract should be terminated without hesitation. Your Committee resolves to await a progress report on the rectification of the defects as well as the completion of the outstanding works.

**o) Failure to Renew Performance Security Bonds – K11,102,614**

The Controlling Officer submitted that out of two contracts worth K11,102,614 that had expired performance bonds, the performance bond for the construction of the Minister and Permanent Secretary 's house had been renewed amounting K4,766,775.07. There was no need for the performance bond for the construction of the ten medium houses in Mafinga since the contract had been completed and was awaiting handover. The copy of the performance bond amounting to K4,766,775.07 was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern over the failure of the Provincial Administration to be proactive in dealing with issues relating to the Province. Whereas the performance bond for the construction of the Minister and Permanent Secretary's houses have been renewed, this was after the auditors had identified the query. The Controlling Officer is urged to be thorough in dealing with administrative matters in order to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**p) Use of Incorrect Rates in the Payment of Subsistence Allowances  
K158,400**

The Controlling Officer submitted that out of the unrecovered payment in amounts totaling to K24,820, K7,300 had been recovered from the affected officers leaving a balance of K17,520 yet to be supported. The bank deposit slips were available for audit verification. Effort were being made to recover the outstanding balance in amounts totaling to K17,520.

**Committee's Observations and Recommendations**

Your Committee is disappointed that the Provincial Administration has only instituted recoveries without taking any disciplinary to the erring officers. Your Committee further notes that internal controls have collapsed, resulting in poor supervision of accounting staff. The Controlling Officer is urged to strengthen internal controls by enhancing the supervision of the accounting staff as well as instituting disciplinary action against all erring officers.



Your Committee resolves to await a progress report on the full recovery of the funds and on the disciplinary action taken against erring officer in this regard.

**q) Inadequately Supported Payments – K2,683**

The Controlling Officer submitted that efforts were being made to account for the outstanding payment in amounts totaling to K2,683.

**Committee’s Observations and Recommendations**

Your Committee finds the explanation regarding the delay in providing the outstanding payment unacceptable. It is inconceivable how the Provincial Administration could fail to locate a single payment for such a long period of time. This goes to show the extent of the poor record keeping of accounting documents by the Provincial Administration. The Controlling Officer is urged to ensure that the outstanding payment records are traced without any further delay. Your Committee resolves to await a progress report on the matter.

**AUDIT QUERY****PARAGRAPH 50**

UNIT : Various  
 PROGRAMME : District Administration  
 ACTIVITY : Various

**Accounting and other Irregularities**

50. An examination of records maintained at the District Administration offices in Chinsali, Isoka, Nakonde, Shiwang’andu and Mpika carried out from February to June, 2016 revealed various weaknesses to which the Controlling Officer responded as set out below.

**a) Misapplication of Funds – K1,057,718**

The Controlling Officer submitted that the following payments were made centrally at Provincial Administration without the funds being disbursed to the districts.

<b>Date</b>	<b>ChequeNo.</b>	<b>Payee</b>	<b>Designation</b>	<b>Details</b>	<b>Amount K</b>
9/05/2016	005618	Evelyn Kangwa	District Commissioner	Leave terminals	30,000
20/05/15	005627	Catherine Chama	District Commissioner	Claim	3,539

12/08/15	005778	Evelyn Kangwa	District Commissioner	Leave terminals	64,320.17
29/09/15	006058	Vivian Namwayi	District Commissioner	settling allowance	15,539.87
6/11115	0061 37	Evenwell Mutambo	District Commissioner	settling allowance	6,000
23/09116	006990	Vivian Namwayi	District Commissioner	settling allowance	20,007
<b>TOTAL</b>					<b>119,399.04</b>

Following the payments of K119,399.04 paid centrally less the amount of K111,323 implied that K8,076.04 more was spent on District Administration above the K1,057,718 meant for District Administration.

### **Committee's Observations and Recommendations**

Your Committee notes with concern that the action by the Provincial Administration to vary funds without seeking prior approval from the Treasury is in contravention of the *Appropriation Act, 2014* and the Financial Regulations and therefore unjustifiable regardless of the amounts involved. Your Committee urges the Controlling Officer to desist from this practice but endeavor to follow laid down procedure failure to which disciplinary action against him personally will be recommended. Your Committee resolves to await a progress report on the matter.

**b) Missing Payment Vouchers – K13,025**

The Controlling Officer submitted that all the six (6) payment vouchers amounting to K 13,025 which were not availed for audit had since been traced and were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern over the poor management of accounting documents by the Provincial Administration resulting in the non-availability of the documents during the audit process. This point to the fact that there is weak supervision of accounting staff. The Controlling Officer is urged to ensure that the accounting staff are closely supervised to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**c) Inadequately Supported Payments – K6,350**

The Controlling Officer submitted that out of two payment vouchers in amounts totaling to K6,350 which were not supported with quotations and receipts, one payment amounting to K 1,370 had been supported with a receipt leaving a balance of K4,980 yet to be supported. Efforts were being made to have the remaining payment voucher supported with relevant documentation such as receipts and quotation.

### **Committee's Observations and Recommendations**

Your Committee is dismayed with the poor management of accounting documents by the Provincial Administration resulting in the non-availability of the documents during audit process. This point to the fact that there is weak supervision of accounting staff. Your Committee urges the Controlling Officer to ensure that the management of accounting documents is enhanced to avoid the recurrence of the query. Your Committee resolves to await a progress report on the submission of the remaining documents.

**d) Unretired accountable Imprest- Shiwangandu District Administration – K2,975**

The Controlling Officer submitted that the two imprests in amounts totaling K2,975.00 whose retirements were not availed for audit had been traced and were available for verification.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that officers at the Provincial Administration continue to conduct themselves in total disregard of laid down financial regulations with impunity. This has been the case because management at the province has not been supervising the officers closely. It is worth noting that whereas the retirement documents have been purportedly traced, no disciplinary action has been taken against the erring officers. Your Committee urges the Controlling Officer to ensure that the erring officers are disciplined forthwith. In addition, the management of

accounting documents should be enhanced to avoid the recurrence of the query. Your Committee resolves to seek a progress report on this matter.

**e) Unaccounted for Stores – K6,860**

The Controlling Officer submitted that various stores items costing K6,860 procured during the period under review were unaccounted for in that there were no disposal details. However, all the disposal details have since been retrieved were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee is dismayed with the poor management of accounting documents by the Provincial Administration resulting in the non-availability of the documents at audit process. This point to the fact that there is weak supervision of stores staff. The Committee urges the Controlling Officer to ensure that stores management is enhanced in line with Public Stores Regulation No. 16 to avoid the recurrence of the query. Your Committee resolves to await a progress report on the submission of the remaining documents.

**f) Weaknesses in the Management of Fuel – K84,322**

**Shiwang'andu District Administration – K10,000**

**Mpika District – K13,214**

The Controlling Officer submitted that disposal details had since been retrieved and were available for audit verification.

**Isoka District Administration – 33,034.00**

Fuel costing K33,034.00 procured during the period under review had no disposal details. The fuel coupons and the statements from the filling station could not be availed because the district did not have a filling station in 2015. However, log books indicating how fuel was used were available for verification.

**Chinsali District Administration – K25,800**

The fuel costing K25,800 procured during the period under review had since been entered into the fuel register. The updated fuel register was available for audit review.

### **Nakonde District Administration – K1,773.66**

The fuel costing K1,773.66 which had not been captured in the fuel register had since been recorded and the updated register was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern over the management of fuel and registers by the Provincial Administration. Your Committee finds it unacceptable that these documents were not availed to the auditors during the audit process yet after the audit process, the documents are purportedly traced. The Controlling Officer is urged to ensure that accounting documents are well maintained in order to avoid the recurrence of the query. Additionally, disciplinary action must be taken against the erring officers to serve as a deterrent to other officers. Your Committee resolves to seek a progress report on the matter.

#### **i) Fuel not Recorded in the Log Books- Chinsali District Administration – K8,490**

The Controlling Officer submitted that the fuel had been entered and the log books were available for audit verification.



### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that relevant documents were not availed to the auditors during the audit process only to be traced after the audit process. Your Committee urges the Controlling Officer to ensure that accounting documents are well maintained in order to avoid the recurrence of the query. Additionally, disciplinary action should be taken against all erring officers so as to avoid recurrence of the query. Meanwhile your Committee directs that all relevant documents be submitted for audit verification and that a progress report be submitted to them on the matter.

#### **ii) Irregular Withdrawal of Fuel-Chinsali District Administration – K1,665**

The Controlling Officer submitted that the fuel costing K1,665 that was used by the officer in salary Grade M had been recovered. The recovery details such as the deposit slip and general receipt were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that documents are not availed to auditors during the audit process. Additionally, your Committee is concerned that no disciplinary action has been taken against the erring officers, a state of affairs which in the view of your Committee has contributed to the numerous queries in the Province. Your Committee

urges the Controlling Officer to ensure that officers are thorough in dealing with administrative issues in order to avoid the recurrence of the query. Further, disciplinary action should be taken against all erring officers. Your Committee resolves to await a progress report on the matter.

## **MUCHINGA PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 51**

UNIT : Various  
PROGRAMME : General Administration  
ACTIVITY : Various

### **Accounting and other irregularities**

51. An examination of records maintained at the Provincial Administration carried out in May and June, 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### **a) Inadequately Supported Payments – K24,330**

The Controlling Officer submitted that out of the two transactions in amounts totaling to K24,330 which were not supported with receipts, invoices, acquittal sheets and distribution lists for labor day awards, one payment amounting to K5,250 had since been supported with a tax invoice while a balance of K19,080 was verified and subsequently cleared by the

auditors as contained in the audit query No. 2 reference No. OAG/1 01/11/14 of 31<sup>st</sup> March 2016.

### **Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

#### **b) Irregularities in the management of fuel**

##### **i) Irregular Drawings of Fuel – K3,005**

The Controlling Officer submitted that indeed 333 litres of fuel under the Buildings and Provincial Administration departments respectively; costing K3,005 was not entered in the fuel register. However, K1,500 was recovered from the officer for fuel irregularly drawn leaving a balance of K1,504 yet to be recovered. Receipts and deposit slip for the recovered K1,500 were available for audit verification. Efforts were being made to recover the outstanding balance in amounts totalling to K1,504.

### **Committee's Observations and Recommendations**

Your Committee finds the laxity exhibited by the Provincial Administration in recovering the funds unacceptable. Additionally, your Committee is displeased that no disciplinary action has been taken against the erring officers a state of affairs which in the view of your Committee has contributed to the numerous queries in the province.

Your Committee urges the Controlling Officer to ensure that the remaining balance of K1,504 of fuel receipts are traced and submitted for verification without any further delay. Disciplinary action must also be taken against all erring officers. Your Committee resolves to await a progress report on the matter.

**ii) Unaccounted for Fuel – K42,443**

The Controlling Officer submitted that out of 154 transactions in amounts totaling K42,443 which were not entered in various log books, 107 transactions amounting to K26,533 were entered in the log books leaving a balance of forty seven transactions in amounts totalling K15,910. The log books were submitted to the auditors for verification.

**Committee's Observations and Recommendations**

Your Committee finds the laxity exhibited by the Provincial Administration in recovering the funds unacceptable. Additionally, no disciplinary action has been taken against the erring officers a state of affairs which in the view of your Committee has contributed to the numerous queries in the province. The Controlling Officer is urged to ensure that the remaining balance of K15,910 of fuel receipts are traced and submitted for verification without any further delay. Disciplinary action must also be taken against the erring officers. Your Committee resolves to await a progress report on the matter.

**iii) Irregular Withdraw of Fuel – K17,508**

The Controlling Officer submitted that it was true that fuel costing K17,508 was irregularly drawn by officers in salary Grades L to M whilst they were operating within the district.

Recoveries had been instituted from the officers' salaries and recovery details were available for verification.

**Committee's Observations and Recommendations**

Your Committee finds it unacceptable that relevant documents not availed to auditors during audit the process are purportedly traced after the audit process. Additionally, your Committee is disappointed that no disciplinary action has been taken against the erring officers a state of affairs which in the view of your Committee has contributed to the numerous queries in the province. Your Committee urges the Controlling Officer to enhance supervision of officers in order to avoid recurrence of the query. Further, your Committee directs that disciplinary action be taken against all erring officers. Your Committee resolves to await a progress report on the matter.

**c) Irregular Payments of Subsistence Allowances K15,390**

The Controlling Officer submitted that the officers who were supposed to have undertaken most of the activities were at the time assigned to various staff assignments leading to such overlaps of programmes. However, a total

of K2,150 had since been recovered from the officers concerned, leaving a balance of K3,340 yet to be recovered. The receipt and deposit slip were available for audit verification. Efforts were being made to have the outstanding balance in amount of K 3,340 recovered from the affected officers.

### **Committee's Observations and Recommendations**

Your Committee finds the laxity exhibited by the Provincial Administration in recovering the funds unacceptable. Additionally, no disciplinary action has been taken against the erring officers, a state of affairs which in the view of your Committee has contributed to the numerous queries in the province. Your Committee urges the Controlling Officer to ensure that the remaining balance of K3,340 is recovered. Disciplinary action should also be taken against the erring officers. Your Committee resolves to await a progress report on the matter.

#### **d) Use of Incorrect Rates in the Payment of Subsistence Allowances – K19,500**

The Controlling Officer submitted that the funds had been recovered from the affected officers and details of such recoveries such as the general receipt and deposit slip were available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee is disappointed that the Provincial Administration has only instituted recoveries without instituting any disciplinary action against all erring officers. It is the considered view of your Committee that internal controls have collapsed at the Provincial Administration as a result of poor supervision of accounting staff. In this regard, your Committee urges the Controlling Officer to strengthen internal controls by enhancing supervision of the accounting staff as well as instituting disciplinary action against all erring officers. Additionally, all relevant documents should be submitted for audit verification. Your Committee resolves to seek a progress report on the matter.

### **e) Irregular Use of Accountable Imprest to Procure Goods – K20,140**

The Controlling Officer informed your Committee that Financial Regulation 86 (C) does allow for the use of accountable imprest to facilitate the purchase of goods and services whose values cannot be ascertained. In this case, the quantities, sizes and prices could not be established. In light of the aforementioned, accountable imprest was used.

## **Committee's Observations and Recommendations**

Your Committee contends that while the spirit of the Financial Regulation 86 (C) is enable imprest to be used for the purchase of goods and services whose value cannot be ascertained, the goods procured had values available on the market which entailed that laid down procedures should have been

followed. Your Committee urges the Controlling Officer to desist from justifying wrong doing and ensure that officers follow laid down procedures by obtaining quotations and making direct payments to suppliers as opposed to using imprest, failure to which surcharge will be recommended. Your Committee further recommends that disciplinary action be taken against all erring officers in this case Your Committee resolves to await a progress report on the matter.

#### **f) Failure to Produce Activity Reports**

The Controlling Offer submitted that the K29,023 that was not supported by an activity report at the time of audit, had since been supported with the activity report and was available for audit verification.

#### **Committee's Observations and Recommendations**

Your Committee expresses concern that the activity report was not availed to the auditors during the audit process. This points to the fact the Provincial Administration is not providing the required supervision over officers. Your Committee implores the Controlling Officer to strengthen internal controls by enhancing the supervision of the staff as well as instituting disciplinary action against all erring officers in this case. Your Committee resolves to seek a progress report on the matter.



#### **g) Irregular Refunds – K5,558**

The Controlling Officer submitted that only verbal authority was granted to the officer to use his funds. In future written authority would be in place before any refund could be paid.

#### **Committee’s Observations and Recommendations**

Your Committee notes the action by the Provincial Administration and urges the Controlling Officer to desist from issuing verbal authority failure to which surcharge will be recommended. Your Committee resolves to await a progress report on the regularisation of the transaction.

#### **h) Failure to Remit Tax to ZRA – K54,302**

The Controlling Officer submitted that out of the K54,302 unremitted tax, K25,000 had since been remitted to ZRA leaving a balance of K29,302 yet to be remitted. A receipt from ZRA was available for audit verification. Non remittance of tax was due to cash constraints experienced during the year.

#### **Committee’s Observations and Recommendations**

Your Committee is disappointed that the Provincial Administration has only instituted recoveries without any disciplinary action to the erring officers. It is the considered view of your Committee that PAYE being a direct tax must be remitted to ZRA without any delays. Your Committee urges the Controlling Officer to be thorough with payroll management in order to

avoid the recurrence of the query. Your Committee resolves to await a progress report on the full remittance of the funds to ZRA.

**i) Over Expenditure on Other Personal Emoluments - K232,718**

The Controlling Officer submitted that amounts totaling K660,011 were spent on other Personal Emoluments such as paying serving officers, retirees and newly appointed District Commissioners in the Province. K427,292 was received directly from budget office for other personal emoluments and an amount totaling K135,728 was profiled under dismantling of areas, programme 6007 Activity 002 and 003. While K 132,719.79 was varied from the general administration programme since it was used for general purposes.

**Committee's Observations and Recommendations**

Your Committee contends that had the details been availed to the auditors at the time of the audit, the matter would have been resolved. Your Committee urges the Controlling Officer to strengthen record keeping in order to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**j) Missing Payment Voucher – K44,808**

The Controlling Officer submitted that out of the two (20 transactions in amounts costing K44,808 made during the period under review, one payment voucher in amount totaling to K34,328 was available for audit

verification leaving a balance of K10,480 yet to be traced. Efforts were being made to trace the missing payment voucher.

### **Committee's Observations and Recommendations**

Your Committee expresses concern over the poor management of accounting records at the province. Coupled to this is the impunity with which the officers involved flouting Financial Regulation No. 65. Your Committee urges the Controlling Officer to strengthen record keeping at the province and ensure that the remaining payment voucher is traced without any further delay. Further, the Controlling Officer should institute disciplinary action against the erring officers. Your Committee resolves to await a progress report on the tracing of the remaining payment voucher with amounts totaling K10,480.

#### **k) Failure to recover Salary Advance – K110,000**

The Controlling Officer submitted that the recovery of salary advance amounting to K110,000 had been instituted from the concerned officer with effect from September, 2016. Recovery details were available for verification.

### **Committee's Observations and Recommendations**

Your Committee is dismayed that the Provincial Administration only took action after the findings by the auditors. This demonstrates that there is weak supervision of accounting staff by management. Your Committee

urges the Controlling Officer to be proactive in the supervision of accounting staff in order to avoid the recurrence of the query. Your Committee resolves to await a progress report on the full recovery of the funds.

## **MUCHINGA PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 52**

PROGRAMME : Various  
ACTIVITY : Personal Emoluments

### **Accounting and other Irregularities**

52. An examination of accounting and other records maintained at the Provincial Administration carried out from February to June 2016 revealed several weaknesses to which the Controlling Officer responded as set out below.

#### **a) Excess Employees – K6,219,881**

The Controlling Officer submitted that a follow up was made to Management Development Division (MOD) to include the 139 positions that were not on the staff establishment.

The Management Development Division had further instructed Public Service Management Division (PSMD) to have the situation normalised. A copy of the letter from Management Development Division to Public service Management Division was available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee expresses regret that the Provincial Administration only took action after the findings by the auditors. This demonstrates that there is weak supervision of staff by management. Your Committee urges the Controlling Officer to follow up the matter with PSMD so that the matter is normalized. Your Committee resolves to await a progress report on the matter.

### **b) Employees on Payroll (PMEC) for the Provincial Administration but Not Working in Muchinga Province – K213,994**

The Controlling Officer submitted that requests were made by the Copperbelt Province and Western Province to maintain the two officers on the Muchinga Province payroll because the positions in their Provinces for the two officers were frozen. Copies of the requests from the two provinces and the correspondence to PSMD concerning the same were available for audit verification.

Recoveries concerning the eleven officers who had been transferred from Muchinga to urban areas but had continued drawing rural hardship allowance from the Munchinga Provincial Administration payroll were currently running. The details of the recoveries were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses regret that the Provincial Administration only took action after the findings by the auditors. This demonstrates that there is weak supervision of staff tasked to address payroll management. The Controlling Officer is urged to make follow-ups with PSMD so that the matter is normalized. Your Committee resolves to await a progress report on the full recovery of the funds from the eleven officers.

#### **c) Rural Hardship Allowances Paid to Ineligible Employees – K291,956**

The Controlling Officer submitted that recoveries from the twenty (23) officers who received the rural hardship allowance in question were effected and were currently running. The details of the recoveries were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses regret that the Provincial Administration only took action after the findings by the auditors. This demonstrates that there is weak supervision of staff tasked to handle payroll management. The Controlling Officer is urged to enhance the supervision of staff that handle the payroll to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**d) Irregular Payment of Fuel Allowance – K22,958**

The Controlling Officer submitted that the officer had agreed to swap the amount she was owed in form of an amount over deducted on her loan amounting to K13,750 against the K22,958 she was over paid as fuel allowance leaving a balance K9,207.98 which would be recovered in monthly installments from her salary effective January 2017. Currently the deductions could not be effected because there were too many recoveries running on her payslip.

**Committee’s Observations and Recommendations**

Your Committee finds the irregular payment of fuel to the retired District Commissioner a clear case of connivance. It is the considered view of your Committee that the matter must be reported to the investigative wings for investigation and possible prosecution. Your Committee further urges the Controlling Officer to enhance the supervision of accounting staff to avoid the recurrence of the query. Your Committee resolves to await a progress on the full recovery of the funds.

**e) Salary Over Payments due to Employees being on Wrong Salary Scales – K1,160**

The Controlling Officer submitted that the officer was not on the provincial payroll as she had since been transferred to the Ministry of Water Affairs. A letter had been written to PMEC to effect recoveries on their behalf.

### **Committee's Observations and Recommendations**

Your Committee notes the action and urges the Controlling Officer follow up the matter. Your Committee further calls for disciplinary action to be meted out against all officers responsible for this overpay. Your Committee resolves to await a progress on the full recovery of the funds.

#### **f) Irregular payment of Housing Allowances – K9,183**

The Controlling Officer submitted that the said officer was a retired District Commissioner and his leave terminals were paid apart from the repatriation allowance of K 6,500. Recoveries amounting to K6,500 had since been made, leaving a balance of K2,683. The officer had been written to pay the K2,683 outstanding. Recovery details were available for verification.

### **Committee's Observations and Recommendations**

Your Committee expresses regret that the Provincial Administration only took action after the findings by the auditors. This demonstrates weak supervision of staff by management. Your Committee urges the Controlling Officer to follow up the matter until the balance is paid in full. Your Committee resolves to await a progress report on the matter.



## MINISTRY OF AGRICULTURE AND LIVESTOCK

### AUDIT QUERY

### PARAGRAPH 53

UNITS : Various

PROGRAMMES: Various

ACTIVITIES: Various

### Accounting and Other Irregularities

53. An examination of accounting and other records maintained at the Ministry headquarters carried out in February, 2016, revealed various weaknesses, to which the Controlling Officer responded as set out below.

**i) Payment of Rural and Remote Hardship Allowance to Ineligible Officers - K708,000**

The Controlling Officer submitted that the number of officers in question was twenty nine and not 220. It appeared to be 220 as a result of the data being presented month by month. Recoveries of the amounts in question were effected from the twenty nine officers through the payroll. After further analysis it was discovered that the officers were eligible and a letter had been written to PMEC to stop the deductions. Payslips, letters and analysis documents were available for audit verification.

## **Committee's Observations and Recommendations**

In closing the matter subject to audit verification, your Committee strongly recommends that the Controlling Officer must ensure that record keeping is strengthened at the Ministry in order to avoid the recurrence of the query.

### **ii) Failure to Submit Monthly Expenditure Returns to the Ministry Headquarters**

The Controlling Officer submitted that the four institutions that had not submitted their returns at the time of the audit had since submitted and documents were available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee expresses concern that the returns were not submitted as scheduled and no action had been taken against the responsible officers in the named institutions. Your Committee urges the Controlling Officer to institute disciplinary action accordingly and in future ensure that funding to the institutions be upon submission of monthly expenditure returns in line with Financial Regulation No. 8. Your Committee resolves to await a progress report on the matter.

**iii) Inadequately Supported Payments – K1,460,188**

The Controlling Officer submitted that all payments that were not supported due to misfiling at the time of audit had since been filed correctly and supported and were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the poor record keeping at the Ministry. It is clear that there is laxity by officers and poor supervision as regards record keeping. Your Committee urges the Controlling Officer to deal with the issue of poor record keeping with the urgency it deserves. Additionally, the Controlling Officer should institute disciplinary action against the officers involved as a corrective measure and submit all documents for audit verification. Your Committee resolves to await a progress report on the matter.

**iv) Unretired Accountable Imprest - K933,411**

The Controlling Officer stated that accountable imprest in amounts totalling K933,411 had been retired and documents to this effect were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee is disappointed that the imprest which is required to be retired within forty-eight hours in line with Financial Regulation No. 96,

was only retired after a year. In addition, despite the documents being available, no disciplinary action has been taken against the erring officers. Your Committee urges the Controlling Officer to mete out disciplinary action against the officers involved for contravening clearly defined provisions on the management of imprest and to submit the relevant documents for verification. Your Committee resolves to await a progress report on the matter.

**v) Unaccounted for Stores – K1,028,845**

The Controlling Officer submitted that after a thorough search, the attachments were located wrongly placed in another file. Therefore, all documents were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the poor record keeping at the Ministry. It is disheartening that documents which were queried at the time of the audit were only traced after the audit process due to misfiling in violation of *Public Stores Regulation No. 16*. Your Committee urges the Controlling Officer to address the issue of poor record keeping at the Ministry with the urgency it deserves. Additionally, the Controlling Officer is urged to take disciplinary action against the officers involved as a corrective measure and to ensure all documents are verified. Your Committee resolves to await a progress report on the matter.

**vi) Misapplication of Funds – K62,380**

The Controlling Officer submitted that these borrowed amounts were to be refunded in the next immediate funding. At the time of audit, the funds were not refunded. However, the funds had since been refunded.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that these misapplications were done in total disregard to the *Public Finance Act*. Your Committee strongly cautions the Controlling Officer is to desist from this practice forthwith, failure to which disciplinary action will be recommended. Your Committee resolves to close the matter subject to audit verification.

**vii) Delays in Settling Outstanding Bills - US\$ 388,769.41 (K2,609,980)**

The Controlling Officer submitted that the payment for this contract was being made directly from Ministry of Finance for all the certified claims. The Ministry did not have funding for the outstanding bills.

**Committee’s Observations and Recommendations**

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

## MINISTRY OF AGRICULTURE AND LIVESTOCK

### AUDIT QUERY

### PARAGRAPH 54

DEPARTMENT: Provincial Agricultural Coordinating Offices (PACO)  
District Agricultural Coordinating Offices (DACO)  
Research Stations Agriculture Training Institutions

UNIT: Various

PROGRAMME: Personal Emoluments

ACTIVITIES: Various

### Accounting and Other Irregularities

54. An examination of accounting and other payroll records carried out during the period from April to June, 2016 at the Provincial Agricultural Coordinating Offices (PACOs) and the District Coordinating Offices (DACOs) revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### a) **Misplacement of Officers on the Payroll – K5,987,513**

The Controlling Officer submitted that the reason why the 114 officers were drawing salaries from different stations was that some of the positions in the establishment were frozen and staff were migrated from Legacy Payroll to PMEC, where vacancies existed, to avoid being terminated. The Ministry would continue to engage the Secretary to the Treasury to unfreeze the positions so that the situation could be normalised.

## **Committee's Observations and Recommendations**

Your Committee expresses concern on the general management of the payroll by the Public Service Management Division. It is inconceivable that a total of 114 workers could be operating from physical stations different from their pay points. Your Committee urges the Controlling Officer to address this anomaly with the (PMEC) as a matter of extreme urgency. Your Committee resolves to await a progress report on the matter.

### **b) Irregular Payment of Acting Allowance - K1,756,266**

The Controlling Officer submitted that acting allowances were paid to officers for periods of more than six months on account of the fact that the officers concerned were acting in the respective positions with the view to being promoted to the higher posts.

As for Kasama DACO, your Committee heard that the matter was resolved as all the officers who were duly appointed by PSMD were still acting in their positions awaiting for confirmation by PSMD.

## **Committee's Observations and Recommendations**

Your Committee expresses concern on the general management of the payroll by the Public Service Management Division. It is inconceivable that officers were being paid acting allowances without official correspondence from PSMD. Your Committee urges the Controlling Officer to ensure that officers only take up acting positions when there is official correspondence

from PSMD in order to avoid the recurrence of the matter. Your Committee resolves to await a progress report on the matter.

**c) Irregular Payment of Salaries to Separated Staff – K385,627**

The Controlling Officer submitted that deductions were to be effected on their terminal benefits immediately Personal Emoluments were funded. Documents were available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern on the poor management of the payroll by PSMD and is of the view that it is sheer negligence on the part of the Ministry for retired officers to continue drawing salaries from the Treasury. Your Committee urges the Controlling Officer closely to supervise the responsible officers in order to ensure that PSMD is instructed in a timely manner to discontinue payment of salaries to separated staff. Your Committee resolves to await a progress report on the full recovery of the funds.



**d) Irregular Payment of Rural and Remote Hardship Allowances – K682,094**

**i) Allowances Paid to Ineligible Officers – K682,094**

The Controlling Officer informed your Committee that the recoveries for the allowances paid totaling K 682,094 had been instituted. Documents were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern on the poor management of the payroll and is of the view that it is sheer negligence on the part of the Ministry for retired officers to continue drawing salaries from the Treasury. Your Committee urges the Controlling Officer closely to supervise the responsible officers in order to ensure that PSMD is instructed in a timely manner to discontinue payment of salaries to separated staff. Your Committee resolves to await a progress and urges the office of the Auditor General to keep the matter in view for future audits.

**ii) Payment of Remote Instead of Rural Hardship Allowance – K525,838**

The Controlling Officer submitted that the recoveries for the allowances paid amounting to K 109,018 had been instituted. Documents were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses disappointment on the numerous queries relating to poor payroll management by the Ministry. It is testament to the weak supervision of the officers responsible for managing the payroll. Your Committee urges the Controlling Officer to closely supervise the responsible officers in order to ensure proper payroll management to avoid the recurrence of the queries on payment of wrong allowances to officers. Your Committee resolves to await a progress report on the full recovery of the funds.

#### **iii) Overpayment of Rural Hardship Allowance – K14,660**

The Controlling Officer submitted that recoveries of the allowances paid amounting to K 14,660 had been instituted and documents were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses disappointment at the numerous queries relating to poor payroll management at the Ministry. This is testament to the fact that there is weak supervision of the officers responsible for managing the payroll. In this vein, your Committee urges the Controlling Officer to institute disciplinary action against the officers charged with the responsibility of managing the payroll and to closely supervise the responsible officers to avoid the recurrence of the queries

on overpayment of allowances to officers. Your Committee resolves to await a progress report on the matter.

**e) Irregular Payment of Housing Allowances**

**i) Allowances Paid to Ineligible Officers – K320,832**

The Controlling Officer submitted as follows:

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>	<b>Status/Action Taken</b>
Central-PACO	18	150,856	These payments had since stopped and recoveries on the Payroll had been effected. Documents were available for audit verification.
Masaiti-DACo	2	10,878	The Ministry had effected the recoveries of the Housing Allowances paid to the concerned officers at Masaiti DACO and payment of housing allowances had since been dropped. Pay slips were available for verification.
ZARI	1	4,620	The officers were initially ineligible at these stations but had since been transferred to department of Fisheries and Livestock, District and headquarters respectively, but still sitting on the payroll for their previous stations. These movements, therefore, make them eligible and management was now pursuing the payroll transfers to be done. The Documents were available for audit verification.
NARDC	1	6,000	
Chadiza-DACO	8	59,348	The Ministry had effected the recoveries of the Housing Allowances paid to the concerned officers. Documents were available for audit verification.
Katete -DACO	1	6,048	
Mongu-DACO	3	11,315	The Ministry had effected the recoveries of the
Limulunga-	1	6,720	

DACO			Housing Allowances paid to the concerned officer.
Nalolo- DACO	2	8,053	Documents were available for audit verification
Chinsali- DACO	7	21,920	The Ministry had effected the recoveries of the
Mpika- DACO	2	14,940	Housing Allowances paid to the concerned officer.
Zambezi-DACO	5	20,135	Documents were available for audit verification.
Total	51	320,832	

### **Committee's Observations and Recommendations**

Your Committee is disappointed at the numerous queries relating to poor payroll management at the Ministry. This is testament to weak supervision of the officers responsible for managing the payroll. In this vein, your Committee urges the Controlling Officer to institute disciplinary action against the officers responsible for the irregular payment and to closely supervise the responsible officers in order avoid the recurrence of the queries on irregular payments of allowances. Your Committee resolves to await a progress report on the matter.

#### **ii) Overpayment of Housing Allowance – Muchinga – K142,319**

The Controlling Officer submitted that officers had been communicated to and deductions had been instituted. Documents were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee is disappointed at the numerous queries relating to poor payroll management at the Ministry. This is testament to weak supervision of the officers responsible for managing the payroll. In this vein, your Committee urges the Controlling Officer to institute disciplinary action against the officers responsible for the irregular payment and to closely supervise the responsible officers in order avoid the recurrence of the queries on irregular payments of allowances. Your Committee resolves to await a progress report on the matter.

**f) Irregular Payment of Salaries**

**i) Payment of Salaries to Officers Absent from Work Without Official Leave- K238,851**

The Controlling Officer submitted as follows:

<b>Station</b>	<b>No. of Officers</b>	<b>No. of Months</b>	<b>Amount K</b>	<b>Status/Action Taken</b>
Mongu-DACO	1	9	60,313	Recoveries had been effected from the officer's salary. The payslip was available for verification
Chingola-DACO	1	13	80,418	The salary of the concerned officer was delimited from the payroll pending disposal of his disciplinary case. Documents were available for audit verification
Choma-DACO	1	12	43,680	Recoveries had been effected from the officer's salary. The payslip was available for verification.
Monze-DACO	1	12	54,440	The concerned officer had been communicated to pay back the funds.
<b>Total</b>	<b>4</b>	<b>46</b>	<b>238,851</b>	

### **Committee's Observations and Recommendations**

Your Committee is disappointed that no disciplinary action has been taken against the erring officers despite their conduct being contrary to the Terms and Conditions of Service for the Public Service No. 60(b) on going on leave without prior approval and those who facilitated the irregular payments. The Controlling Officer is strongly urged to ensure appropriate disciplinary action is taken against both groups of officers. Your Committee resolves to await a progress report on the matter.

**ii) Failure to Effect Half Pay - Southern Province - PACO – K220,587**

The Controlling Officer submitted that recoveries had been instituted for one officer who was facing disciplinary action and the other officer had no disciplinary case. Documents were available for verification.

**Committee’s Observations and Recommendations**

Your Committee calls for disciplinary action against officers who failed to effect the half pay. Your Committee will await a progress report on both the disciplinary process and the recovery of the funds.

**iii) Payment of Salaries to an Officer who Resigned - Senanga DACO – K27,300**

The Controlling Officer submitted that the payment had been stopped and recoveries would be effected from his terminal leave pay.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who facilitated the payments and to closely supervise those responsible for payroll management so as to avert recurrence of similar queries in future. Your Committee will await a progress report on these matters.

**iv) Questionable Payment of Salary Arrears - National Aquaculture Research and Development Centre (NARDC - Kitwe) – K14,066**

<b>Station</b>	<b>No. of Officer</b>	<b>Amounts K</b>	<b>Status/Action taken</b>
Chilabombwe-DACO	1	19,041	All the appointment letters from the Public Service Management Division (PSMD) were available for audit verification.
Kitwe-DACO	1	45,506	
Luanshya-DACO	1	50,667	
Chama-PACO	3	107,280	All the appointment letters from the Public Service Management Division (PSMD) were available for audit verification.
Chinsali-DACO	7	172,604	
Mpika-DACO	2	52,814	
Shiwang'andu-DACO	1	19,200	
<b>Total</b>	<b>16</b>	<b>467,113</b>	

The Controlling Officer submitted that at the time of audit the officer's letter of promotion and the arrival advice was not availed to the Auditors. The officer received the stated amount because he was substantively promoted on 17<sup>th</sup> March, 2014. Documents were available for verification.

**Committee's Observations and Recommendations**



Your Committee is dismayed that the explanation was not given to the auditors at the time of audit. Your Committee reiterates its general concern over poor record keeping at the Ministry and calls upon the Controlling Officer to ensure that records are well kept to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**g) Introduction to Payroll Without Authority – K467,113**

The Controlling Officer submitted as follows:

**Committee’s Observations and Recommendations**

Your Committee is disappointed over the apparent weak supervision of officers responsible for managing the payroll at the Ministry, resulting in the numerous queries relating to poor payroll management. Your Committee strongly urges the Controlling Officer to closely supervise the responsible officers to avert recurrence of this irregularity and to normalise the appointments so that in future only officers with appointments from PSMD are put on the payroll. Your Committee resolves to close the matter subject to audit verification.

**h) Failure to Recover Salary Advances –Lusaka PACO – K6,400**

The Controlling Officer submitted that the recoveries had been instituted and payslips reflecting the recoveries were available for verification.

## **Committee's Observations and Recommendations**

Your Committee expresses disappointment on the numerous queries relating to poor payroll management by the Ministry. This is testament to the weak supervision of the officers responsible for managing the payroll. The Controlling Officer is strongly urged to closely supervise the responsible officers to avoid the recurrence of the query. Your Committee resolves to await a progress report on the full recovery of the funds from the officer.

### **MINISTRY OF AGRICULTURE AND LIVESTOCK**

#### **AUDIT QUERY**

#### **PARAGRAPH 55**

DEPARTMENTS: Provincial Agriculture and Livestock Coordinating Offices

District Agriculture and Livestock Offices

Agriculture Training Institutions

PROGRAMMES: Various

ACTIVITIES: Various

#### **Accounting and Other Irregularities**

55. An examination of accounting and other records maintained at the Provincial Agriculture Coordinating Offices (PACOs), District Agriculture Coordinating Offices (DACOs), Agriculture Training Institutions and physical inspections of selected projects carried out during the period from April to May 2016, revealed various weaknesses to which the Controlling Officer responded as set out below.

**a) Missing Payment Vouchers - K116,941**

The Controlling Officer submitted as follows:

<b>Province</b>	<b>Station</b>	<b>No. of Vouchers</b>	<b>Amount K</b>	<b>Status/Action taken</b>
Eastern	Chipata DACO	3	11,952	The missing documents that were misplaced had since been found and were available for verification.
Western	Mongu PACO	1	3,270	The missing documents that were misplaced had since been found and were available for verification.
	Mongu DACO	1	1,600	
	Nalolo DACO	1	10,404	
Luapula	Mansa PACO	6	13,845	At the time of audit, internal audit was also auditing the same documents. They were now available for verification.
	Chembe DACO	6	24,612	
Muchinga	Chinsali DACO	17	29,953	The payment vouchers that were misplaced had since been found and were available for verification.
Lusaka	Chilanga DACO	9	21,305	The documents were available for audit verification.
<b>Total</b>		<b>44</b>	<b>116,941</b>	

**Committee's Observations and Recommendations**

Your Committee expresses concern over the poor record keeping at the Ministry resulting in the non availability of the payment vouchers at audit

process. This demonstrates weak supervision over the officers charged with the responsibility of securing accounting documents. Your Committee urges the Controlling Officer to take disciplinary action against the officers and scale up supervision of accounting staff to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**b) Unsupported Payments - K478,925**

The Controlling Officer submitted as follows:

Station	No. of Payments	Amount K	Status/Action Taken
Chipata DACO	3	5,935	Supporting documents had been traced and were available for verification.
Livingstone	3	3,725	Supporting documents had been traced and were available for verification.
ZCA - Monze	18	97,117	Supporting documents had been traced and were available for verification.
Mongu PACO	1	400	The query was dropped at verification stage.
Mongu DACO	3	28,182	The original receipts were misplaced. However, the duplicate receipts had been obtained from the supplier and were available for verification.
Limulunga DACO	2	1,200	Payment voucher amounting to K850 had since been supported with relevant documents and were

			available for verification. Also Cheque number 000180 amounting to K350 dated 14/07/2015 was a cancelled cheque.
Nalolo DACO	11	14,980	Supporting documents had been traced and were available for verification.
Kalabo DACO	4	6,593	Single sourcing for motor bike spares amounting to K3, 250 was due to the existence of only one supplier in the district. The rest of the payments in amounts totaling K3, 342.78 were for long service bonus and the computation schedules were attached to the first payments made in 2009 and the paid up copy of payment voucher was attached to show the outstanding balances.
Senanga DACO	3	5,173	Supporting documents had been traced and were available for verification.
Sioma DACO	4	4,300	The authority letters inviting the accountant to travel to Sioma were signed by the DACO and were available for verification.
Mansa PACO	15	185,541	Supporting documents had been traced and were available for verification.
Mansa DACO	21	56,389	Supporting documents had been

			traced and were available for verification.
Kawambwa DACO	7	15,520	Supporting documents had been traced and were available for verification.
Samfya DACO	4	3,860	Supporting documents had been traced and were available for verification.
Chinsali PACO	3	6,624	The receipts and LPOs were available for verification.
Chinsali DACO	6	7,550	The receipts and LPOs were available for verification
Lusaka DACO	6	15,432	The receipts and LPOs were available for verification
ZHTC - Luapula	1	5,000	The amount in question was paid as long service bonus. The files were now at Pensions.
Kasama PACO	1	15,404	The query was resolved at verification stage
<b><u>Total</u></b>	<b><u>116</u></b>	<b><u>478,925</u></b>	

### **Committee's Observations and Recommendations**

Your Committee expresses concern over the poor record keeping at the Ministry resulting in large number of unsupported payments during the audit process. This demonstrates weak supervision of the officers charged with the responsibility of securing accounting documents. In this vein, the Controlling Officer is strongly urged to take disciplinary action against erring officers and to scale up supervision of accounting staff so as to ensure that all payments are adequately supported to avoid the recurrence of the

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

**c) Misapplication of Funds – Southern Province – K281,036**

The Controlling Officer submitted as follows:

<b>Station</b>	<b>Amount K</b>	<b>Status/Action taken</b>
Choma PACO	62,089	K36, 580 was actually funded by World Fish Centre for the promotion of orange maize and was utilised accordingly. The balance of K1, 648.54 brought forward was used for the show. While K7, 911.46 reimbursed by Mochipapa Livestock Research in 2015 was lent to them in 2014 by the Department of Fisheries. K 9,421.42 was used for the purchase of insurance for the Provincial vehicle. Documents were available for verification.
Kazungula DACO	11,978	The purchase was made in order to facilitate the monitoring of dip tanks and the enforcement of the cattle cleansing or dipping by camp officers, without which the operation of dip tanks and enforcement of the Act would not be possible leading to continued livestock losses due tick-borne disease in the district.
ZCA - Monze	185,642	The amounts reported were paid from training user fees that were planned for and included in the administration vote and delivery of training vote under the student's tuition fee breakdown structure. Student's fee breakdown budget was available for verification.
Mpika DACO	17,355	Variation authority was not sought The two officers have been warned. Warning letters were available for
Nakonde DACO	3,972	

		audit verification.
<b>Total</b>	<b>281,036</b>	

### **Committee’s Observations and Recommendations**

Your Committee expresses concern over the misapplication of funds. Not only is this conduct in contravention of the *Public Finance Act* and *Appropriation Act of 2014*, but also it negatively affects implementation of budgeted for activities. The Controlling Officer is cautioned to desist from this conduct forthwith and urged to adhere to laid down procedures on variation of funds. Your Committee resolves to await a progress report on the repayment of the funds for the planned for activities.

#### **d) Irregular Refunds – Chinsali DACO - K51,868**

The Controlling Officer submitted that at the time of audit, the activity reports and authorities were misfiled. However the activity reports and authorities had since been found and were available for verification.

### **Committee’s Observations and Recommendations**

Your Committee expresses concern over the poor record keeping at the Ministry resulting in the non availability of reports and authorities during the audit process. This demonstrates weak supervision of the officers charged with the responsibility of securing accounting documents. The Controlling Officer is strongly urged to take disciplinary action against the officers involved and scale up supervision of accounting staff so as to ensure that all



records are well maintained to avoid the recurrence of the query. Your Committee directs that all relevant documents be submitted for audit verification. Your Committee resolves await a progress report on the matter.

**e) Irregularities in the Payment of Allowances**

**i) Subsistence Allowance**

The Controlling Officer submitted as follow:

Province	Station	No. of Officers	Amount K	Status/Action taken
Southern	Kazungula DACO	5	32,363	This arose due to the fact that the distance that had to be covered from Kazungula to Moomba Camp was 320km away. The Log book to show the actual distance was available for audit verification
	ZCA - Monze	8	41,234	The out of pocket allowance was paid to lecturers that were undertaking a marking exercise. What necessitated the payment of extra days was the workload compared to the payment made for the venue.
Lusaka	Lusaka DACO	2	12,600	The subsistence allowances were paid to officers to meet upkeep costs (expenses) when undertaking fishing ban patrols and national show preparatory activities. Fishing ban patrols were conducted during the night (away from duty station).  Additionally, subsistence allowances were

				paid to some officers for working on show preparatory activities. This was to enable the officers arrange (sort) show exhibits at the show stand for the province as well as manning animals within the show grounds premises. Reports were available that specify the nature of the work involved.
<b>Total</b>		<b>15</b>	<b>86,197</b>	

### **Committee's Observations and Recommendations**

Your Committee expresses concern that at the time of the audit, the Ministry did not clarify matters as required. This casts doubt on the authenticity of the documents submitted. Your Committee therefore, urges the Controlling Officer to investigate the matter and institute disciplinary action where necessary. Further, the Committee urges the Controlling Officer to enhance supervision over all officers to avoid a repeat of these irregularities and to submit all relevant documents for audit verification. Your Committee resolves to await a progress report on the matter.

#### **ii) Out of Pocket Allowance – Western Province – K5,416**

The Controlling Officer submitted as follows:

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>	<b>Status/Action taken</b>
Mongu PACO	6	2,916	The amount was deposited back into the account and the

			bank statement and deposit slip were available for verification
Limulunga DACO	6	2,500	The amount was deposited back into the account and the bank statement and deposit slip were available for verification
<b>Total</b>	<b>12</b>	<b>5,416</b>	

### **Committee's Observations and Recommendations**

Your Committee notes with regret that while the funds have been deposited to the Government account, no disciplinary measures have been taken against the erring officers. This laxity on the part of the Controlling Officer in instituting disciplinary measures is unacceptable. Your Committee urges the Controlling Officer to institute disciplinary measures against the erring officers immediately with the view to avoiding the recurrence of the matter. Your Committee resolves to close the matter subject to audit verification.

#### **iii) Meal Allowance - K5,588**

The Controlling Officer submitted as follows:

<b>Province</b>	<b>Station</b>	<b>No of Officers</b>	<b>Amount K</b>	<b>Status/Action taken</b>
Eastern	Chipata DACO	2	3,188	The office had since instructed PMEC to effect deductions from their salaries. Pay slips were available for verification.
Muchinga	Nakonde DACO	6	2,400	The office stated that although the work

				was done at the station, the work was being done on weekends and after working hours. The letters seeking authority to carry out these duties were available for verification
<b>Total</b>		<b>8</b>	<b>5,588</b>	

### **Committee’s Observations and Recommendations**

Your Committee expresses concern over the payments of meal allowances to officers not entitled. This clearly demonstrates the weak supervision of accounting officers charged with the responsibility of authorising such claims. Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers. Further, your Committee directs that the documents relating to the query be compiled and submitted for verification. Your Committee resolves to await a progress report on the matter.

#### **f) Irregularities in the Payment of Imprest**

##### **i) Unretired Accountable Imprest - K163,463**

The Controlling Officer submitted as follows:

Province	Station	No. of Officers	Amount K	Status/Action taken
Eastern	Chipata DACO	6	36,936	The imprest had since been retired and documents were available for verification.
Southern	Livingstone	1	14,744	The imprest had since been retired and documents were available for verification.
Western	Mongu DACO	4	22,365	The actual amount of imprests not retired was not K22, 365 as per query but K15, 800 because there was an error in adding in the schedule WP5(b). The retirements in amounts totaling K3, 450 were verified and dropped leaving a balance of K12, 350 which were effected as recoveries through PMEC and payslips showing the deductions were available for verification.
Lusaka	Lusaka PACO	6	32,078	The imprest had since been retired and the documents were available for verification.
	Lusaka DACO	3	1,200	The imprest had since been retired and the documents were available for verification.
	Chilanga DACO	3	,275	The imprest had since been retired and the documents were available for verification.
Luapula	Mansa PACO	5	36,355  507	The imprest had since been retired and the documents were available for verification.

### **Committee's Observations and Recommendations**

Your Committee is disappointed with the laxity exhibited by the Ministry in dealing with erring officers who contravene Financial Regulations with impunity. This explains the reason why a lot of queries are emerging at the Ministry. Your Committee urges the Controlling Officer to institute disciplinary measures against the erring officers so as to serve as a deterrent to would-be offenders. Your Committee resolves to close the matter subject to audit verification.

#### **ii) Retirement of Imprest**

The Controlling Officer submitted that all imprests had since been retired and supporting documents were available for audit verification, except for Kalabo DACO the imprest was being recovered from the officers involved. Payslips were available for verification.

### **Committee's Observations and Recommendations**

Your Committee is disappointed with the laxity exhibited by the Ministry in dealing with erring officers who contravene Financial Regulations with impunity. This explains the reason why a lot of queries are emerging at the Ministry. Your Committee urges the Controlling Officer to institute disciplinary measures against the erring officers so as to serve as a deterrent to would-be offenders. Your Committee resolves to close the matter subject to audit verification.

### iii) Failure to Produce Activity/Monitoring Reports

The Controlling Officer submitted that all activity reports had been provided and were available for verification.

	Station	No. of Officers	Amount K	Status/Action taken
Eastern	Chipata DACO	8	34,875	Reports were available for verification
Western	Sioma DACO	7	4,740	Reports were available for verification
Central	Kabwe PACO	2	12,520	Reports were available for verification
Muchinga	Chinsali DACO	12	49,720	10 Reports available except for two (2) officers who were late.
Lusaka	Lusaka PACO	4	12,714	Reports were available for verification
	Chilanga DACO	5	50,998	Reports were available for verification
Luapula	Mansa DACO	3	17,635	Reports were available for verification
	Samfya DACO	8	25,410	Reports were available for verification
<b>Total</b>		<b>49</b>	<b>208,611</b>	

### Committee's Observations and Recommendations

Your Committee expresses concern on the delay to generate activity reports for audit by the respective district offices. This highlights weak supervision in the Ministry. As a corrective measure, your Committee urges the Controlling Officer to institute disciplinary action against all erring officers. This action will also deter would-be offenders. Your Committee also directs that all relevant documents be submitted for audit verification. Your Committee will await a progress report on the matter.

**iv) Irregular Use of Accountable Imprest - K41,626**

The Controlling Officer submitted as follows:

<b>Province</b>	<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>	<b>Status/Action taken</b>
Eastern	Chipata DACO	3	16,020	The officer had been warned and cautioned. Documents were available for verification.
Lusaka	Chilanga DACO	7	25,606	Imprest was used to purchase show exhibits. The exhibits were bought from markets and various farmers as they were not available from one supplier or indeed one shop. The farmers and markets were not in a position to provide formal quotations.  However, the officer had been warned and cautioned. The documents were available for verification.
<b>Total</b>		<b>10</b>	<b>41,626</b>	



## Committee's Observations and Recommendations

While noting the remedial measures taken by the Controlling Officer in arresting the situation, your Committee urges the Controlling Officer to ensure that future transactions are paid directly to the respective suppliers of goods and services in order to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

### g) Management of Stores

#### i) Unaccounted for Stores – K1,203,585

The Controlling Officer submitted as follows:

Province	Station	Stores K	Fuel K	Total Amount K	Status/Action taken
Eastern	Chipata PACO		8,738	8,738	The unaccounted for stores had since been accounted for as documents had been traced. These documents were available for verification.
	Chipata DACO	28,630	40,212	68,842	The unaccounted for stores had since been accounted for as documents had been traced. These documents were available for verification.
Southern	ZCA Monze	100,329		100,329	The receipt and disposal details had since been found and were available

					for verification.
Western	Mongu PACO	61,306	27,930	89,236	The documents were not verified by the auditors at the time of audit despite them being submitted for audit. The auditors might have overlooked or missed the documents during audit. However, they were all available for verification.
	Mongu DACO	26,355	10,090	36,445	
	Limulunga DACO	6,650	36,425	43,075	
	Nalaolo DACO	27,014	35,194	62,208	
	Kalabo DACO		5,520	5,520	
	Sikongo DACO	8,050		8,050	
	Senanga DACO		29,040	29,040	
Luapula	Samfya DACO	23,013		23,013	All the unaccounted for stores had been accounted for and documents were available for verification
	Kawambwa DACO	40,987	8,187	49,174	Four (4) payment vouchers for stores amounting to K40, 986.90 were all retrieved with receipts and GRNs except cheque # 4164 which was captured as stores during the time of audit yet it was imprest. Payments for fuel amounting to K8, 187.00 were retrieved with receipts, GRNs and disposal details. The documents were available for verification.
	Nchelenge DACO		22,754	22,754	All the unaccounted for stores had been accounted for and documents were available for verification

Central	Kabwe PACO		69,986	69,986	The receipt and disposal details had since been found and were available for verification.
	Kabwe DACO		148,125	148,125	
	Chibombo DACO		14,048	14,048	
Muchinga	Chinsali PACO	2,100		2,100	The receipt and disposal details had since been found and were available for verification.
	Chinsali DACO	36,716	6,287	43,003	
	Mpika DACO	46,084	54,548	100,632	
Lusaka	Lusaka PACO		3,800	3,800	Fuel costing K3, 800.00 was disposed of in line with public stores regulations. The supportive fuel ledgers and statements from the service station were available for scrutiny.
	Lusaka DACO	4,625	74,464	79,089	The stores items and fuel had since been disposed of properly, Stores ledger, fuel ledger and relevant stores disposal documents are available for verification
	Chilanga DACO	28,962	13,530	42,492	The stores items cited were disposed of in line with public stores regulations. The supportive stores records, fuel coupons, ledgers, goods received and goods issued vouchers were available for verification.
Copperbelt	ZCHT	114,414	-	114,414	The receipt and disposal details had

	-Chapula				since been found and were available for verification.
Northern	Mbala DACO			39,473	The matter was resolved at verification stage.
<b>Total</b>		<b>555,235</b>	<b>608,877</b>	<b>1,203,585</b>	

### **Committee's Observations and Recommendations**

Your Committee expresses concern on the poor record keeping at the Ministry which resulted in the non availability of the documents during the audit process. This clearly demonstrates the weak supervision over the officers charged with the responsibility of keeping stores records. Your Committee urges the Controlling Officer to scale up supervision of stores staff and ensure that all accounting records are well maintained in line with the provisions of the *Public Stores Regulation No. 16* to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

#### **ii) Failure to Inscribe Government Assets - K465,503**

The Controlling Officer submitted as follows:

<b>Province</b>	<b>Station</b>	<b>No. of Items</b>	<b>Amount K</b>	<b>Status/Action taken</b>
Eastern	Chipata PACO	10	66,216,34	The equipment had since been numbered. The asset register had been updated and is available for verification available
Southern	ZCA Monze	- 20	227,633	The college had since written to Ministry of Works, Supply and Communications. Logistics for the office were being put in

				place to enable the office to have the assets inscribed. Copy of the letter to Ministry of Works and Supply was available for verification.
Western	Limulunga DACO	6	8,065	The Province had since written to Ministry of Works, supply and communications. Copy of the letter to Ministry of Works and Supply was available for verification.
	Kalabo DACO	11	30,700	
Luapula	Samfya DACO	4	8,450	The Province had since written to Ministry of Works, Supply and Communications. Copy of the letter to Ministry of Works and Supply was available for verification.
Muchinga	Chinsali PACO	3	11,594	The Province had since written to Ministry of Works, Supply and Communications. Copy of the letter to Ministry of Works and Supply was available for verification.
	Mpika DACO	3	3,800	
	Nakonde DACO	5	7,600	
Lusaka	Lusaka PACO	8	41,270	The Province had since written to Ministry of Works, Supply and Communications. Copy of the letter to Ministry of Works and Supply was available for verification
	Lusaka DACO	15	60,437	The numbering was done and the asset register updated.
	Chongwe DACO	10	23,365	The numbering was done and the asset register updated.
Copperbelt	Ndola PACO	9	25,285	The numbering was done and the asset register updated.
	ZHTC Chapula	- 4	8,954	
Northern	Kasama DACO	2	8,350	
<b>Total</b>		<b>110</b>	<b>465,503</b>	

### Committee's Observations and Recommendations

Your Committee is concerned that the Ministry only took action after the audit process. This clearly shows that the Ministry is reactive and not responsive in addressing issues. The Controlling Officer is strongly urged to follow up the matter with the Ministry of Works and Supply. Additionally, the Ministry must conduct a thorough assessment of all Government assets which require marking to avoid the recurrence of the query. Your Committee resolves to await a progress report on the matter.

#### iii) Failure to Insure Assets

The Controlling Officer submitted as follows:

Province	Station	Motor Vehicles	Motorbikes	Status/Action taken
Eastern	Chipata PACO & DACO	10	0	The Ministry had limited resources which could not cover the fleet. There was under funding of for PACOs and DACOs which meant that certain activities could not be performed.
	Chipata PACO & DACO	0	72	
Luapula	Chembe DACO	1	0	The office had insured the one vehicle and documents were available for verification.
	Kawambwa	3	0	The Ministry had limited

	DACO			resources which could not cover the fleet. There was under funding of PACOs and DACOs
	Nchelenge DACO	4	0	The office had insured one vehicle leaving two not insured due to lack of funding. The documents were available for verification.
Muchinga	Chinsali PACO	2	0	The Ministry had limited resources which could not cover the fleet. There was under funding of PACOs and DACOs
Copperbelt	Ndola PACO	10	2	
	Lufwanyama DACO	4	1	
	Kalulushi DACO	2	8	
<b>Total</b>		<b>32</b>	<b>83</b>	

### **Committee's Observations and Recommendations**

Your Committee is disappointed at the casual manner the Ministry is dealing with insurance of motor vehicles. This conduct is at variance with provisions of the Road Traffic (Certificates of Security and Insurance) (Display) Regulations, 2015, which require that certificates of insurance be displayed on a motor vehicle or trailer in a manner that ensures that the disc is easily distinguishable and clearly visible at all times. These Regulations do not provide exceptions for Government vehicles. Your Committee urges the Controlling Officer to conduct a thorough assessment of the entire fleet of motor vehicles that at the Ministry and ensure that they are all insured. Your Committee resolves to await a progress report on the matter.

**h) Failure to Remit Tax (PAYE) - K87,753**

The Controlling Officer submitted as follows:

<b>Province</b>	<b>District</b>	<b>No. of Officers</b>	<b>Amount K</b>	<b>Status/Action taken</b>
Southern	ZCA - Monze	2	6,000	Tax computation would be deducted from their next part payment of settling in allowance.
Luapula	Mansa PACO	8	18,870	It had been observed that the preliminary audit report indicated that failure to remit tax query was a query for DACO Nchelenge and not PACO Mansa. However the tax would be remitted immediately funding was received.
Muchinga	Chinsali PACO	24	62,883	This was due to inadequate funding. However, the tax component that was not paid in the part payments will be paid when the Ministry receives the other allocation of Personal Emoluments funding.
<b>Total</b>		<b>34</b>	<b>87,753</b>	

**Committee's Observations and Recommendations**



Your Committee finds the reasons advanced for the non remittance of PAYE to ZRA unacceptable as PAYE is a direct tax which must reflect on all employees' pay slips. Your Committee urges the Controlling Officer to ensure that all taxes due to ZRA are remitted without any further delay. Your Committee in this regard, urges the Controlling Officer to institute disciplinary action against the officers responsible for this lapse and ensure full remittance of the tax without undue delay. Your Committee will await a progress report on the matter.

**i) Failure to Sign Payment Vouchers – Chipata PACO - K10,550**

The two vouchers had since been signed and were available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses disappointment that simple administrative requirements are not being followed by the Ministry. This shows that there is very weak supervision resulting into non adherence to the provisions of *Financial Regulation No.48*. The Controlling Officer is urged to institute disciplinary action against the officers responsible for this lapse so as to avoid the recurrence of the query. Your Committee resolves to await a progress report on the matter.

**j) Failure to Report Road Traffic Accident – Ndola PACO**

The Controlling Officer reported that the officer had since been written to and frantic efforts had been made to get the necessary documents from the officer who was currently working in Southern Province. The document was available for verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern in the casual manner in which the Ministry is handling straight-forward issues of disciplinary nature. It is inconceivable that such a matter can take so long to be addressed. Your Committee urges the Controlling Officer to ensure necessary disciplinary action is instituted without any further delay. Your Committee resolves to await a progress report on the matter.

#### **k) Irregular Payment of Wages–Chapula Zambia Horticulture Training Centre-Kalulushi – K47,520**

The Controlling Officer stated that wages amounting to K47,520 which were paid during the period under review was due to the fact that the current establishment at the centre does not adequately support the demand in operations. The Ministry would continue to engage PSMD for authority to employ staff on permanent and pensionable basis. Documents were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses shock that the Ministry has engaged Classified Daily Employees (CDEs) without authority from PSMD. This action is not only administratively incorrect but also abuse of office by the responsible officer. Your Committee strongly urges the Controlling Officer, as a matter of extreme urgency, to institute disciplinary action against the erring officers and terminate the employment of the workers until authority is granted by PSMD. Your Committee resolves to await a progress report on the matter.

**l) Questionable Drawing of Fuel - K1,232**

The Controlling Officer submitted that recoveries were currently running for the two officers involved. Payslips were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee finds it absurd that only recoveries have been instituted against the erring officers without disciplinary action being taken against them. This explains why there is a lot of indiscipline at the Ministry. Your Committee strongly urges the Controlling Officer to ensure that the erring officers are surcharged for their conduct in order to avert the recurrence of the matter. Your Committee resolves to await a progress report on the matter.

**m) Irregularities in the Management of Infrastructure Development Projects**

**SENANGA**

The Controlling Officer submitted that the delay in completing the works was due to delayed payment. While the interim payment was settled, the second payment certificate of K139,340.00 was partially paid, leaving a balance of K20,540.00. The third payment certificate amounting to K33,978.00 was also still outstanding. He stated that the Ministry was committed to settling the outstanding balance of K54,518.00 once it received funding from the Treasury.

## **LIVINGSTONE**

The Controlling Officer submitted that the Ministry wrote a letter to the Provincial Permanent Secretary, Southern Province, requesting him to instruct the contractor to go back on site and attend to the outstanding works.

## **MANSA - Construction of Kalaba Dip Tank**

The Controlling Officer submitted that the Provincial Administration, Luapula Province, contracted Star Agency General Dealers to construct Kalaba Dip tank at a contract sum of K150,000.00 on 24<sup>th</sup> December, 2014.

The Contractor submitted his first interim payment certificate in February, 2015 in amounts totaling K118,864 which was later paid in May, 2015. During the site visit in July, 2015, officers noticed that the works had stalled and the contractor was not on site. This prompted the Provincial Veterinary Officer to write to the Provincial Buildings Engineer complaining about the slow pace of works at the site. The Provincial Buildings Engineer then called

for a meeting with the contractor. At that meeting, the contractor indicated that he had terminated the contract citing delays in settling the first payment certificate.

In January, 2016, a meeting was called where it was resolved that the contractor withdraws the termination letter in writing and remobilise to complete the outstanding works. However, the contractor did not go back to site and he later wrote a note informing the Provincial Buildings Engineer that his earlier decision of terminating the contract still stood. The Ministry had since written to the Provincial Permanent Secretary, Luapula Province requesting him to resolve the matter.

### **SAMFYA - Construction of MASABA Katebe DipTank, Staff House and Farmers Shelter in Samfya Luapula Province**

The Controlling Officer submitted that the contractor demobilised citing delayed settlement of payment certificate. The current position was that he Ministry had since paid the outstanding certificate and had requested the contractor to remobilise and complete the outstanding work. The bills of quantities were available for audit verification.

### **CHONGWE - Rehabilitation of Chinkuli and Kapete Dip Tank and Completion of Spray Race at Nkomeshya**

The Controlling Officer submitted that W.C Construction Engineering was contracted on 15<sup>th</sup> May, 2015, to rehabilitate Chinkuli and Kapete dip tanks and complete the spray race at Nkomeshya. An advance payment certified

was paid on 11<sup>th</sup> September, 2015 resulting in the contractor taking site possession and performing the works as observed by the auditor. However, following delay in settling the second payment certificate, which was issued on 3<sup>rd</sup> February, 2016, the contractor demobilised. The current status was that the second payment certificate was paid on 25<sup>th</sup> October, 2016 and the Ministry had since written to the contractor requesting him to remobilise and complete the remaining works.

### **Committee's Observations and Recommendations**

Your Committee expresses concern on how infrastructure development projects are being managed by the Ministry. Not only is there weak supervision by project managers but also the lack of coordination to ensure that the signing of contracts is synchronised with the release of funds from the Treasury, which results in lack of a clearly defined payment plans and the abandonment of projects in many instances. Your Committee strongly urges the Controlling Officer to develop a well structured infrastructural development projects implementation plan in consultation with the Treasury so that value for funds is achieved. Your Committee resolves to await a progress report on the completion of all the cited projects.

## **MINISTRY OF AGRICULTURE AND LIVESTOCK**

### **AUDIT QUERY**

### **PARAGRAPH 56**

UNITS : Various

PROGRAMMES: Various

ACTIVITIES : Various

### **Accounting and Other Irregularities**

56. An examination of accounting and other records carried out at the Ministry Headquarters and physical inspections of dip tanks, dams, staff houses and office blocks in eight districts in June, 2016, revealed the following weaknesses to which the Controlling Officer responded as set out below.

#### **a) Eastern Province**

##### **i) Chilombwe Dam – Chipata**

The Controlling Officer submitted that the contractor was now on site and had been tasked to attend to all the uncompleted works and defects.

### **Committee’s Observations and Recommendations**

Your Committee expresses concern on the management of infrastructure projects in the Ministry. Whereas the dam was expected to be completed two years after the Government paid the contractor eighty-nine percent of the total contract sum, it is disappointing that the works done are not commensurate with the funds released. Needless to point out that part of the funding for this project was from the Eurobond funds which the government borrowed from the international market. It would have been opportune, therefore, for value to be obtained for the funds. Your Committee urges the Controlling Officer to ensure that all the outstanding works are completed without any further delay. Further, the Ministry must strengthen the monitoring of infrastructure projects so that contractual time frames are adhered to. Your Committee resolves to await a progress report on the completion of all outstanding works.

**ii) Kalichelo and Chiparamba Dip Tanks – K129,958**

The Controlling Officer submitted that the contractor took possession of the site on 8<sup>th</sup> December, 2014 and issued an interim payment certificate on 12<sup>th</sup> January, 2015. However, the Ministry only managed to pay the contractor on 28<sup>th</sup> February, 2015. By that time the contractor had already demobilised due to delayed payment.

Regarding completion of the remaining works and failure to follow contract specification on the space of the holding and crush pane, the contractor was advised to rectify the mistake during the site meeting held on 9<sup>th</sup> January, 2015. However, the contractor had not corrected the anomaly because he had not remobilised. To this effect the Provincial



Tender Committee had been advised to terminate the contract and re-tender the outstanding works.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that renovating of a dam can take this long when a reasonable portion of the contract sum amounting to eighty-nine percent was released to the contractor. This shows that the project manager did not perform as expected. Your Committee urges the Controlling Officer to ensure that in future, there should be close monitoring of project implementation so that termination of contracts is done timely. Further, the Ministry should strengthen the monitoring of infrastructure development so that contractual time frames are adhered to. Your Committee urges the Controlling Officer to ensure that the outstanding works are re-tendered without any further delay. Your Committee resolves to await a progress report on the completion of all outstanding works.

#### **iii) Mshoka Dip Tank - Katete – K28,113**

The Controlling Officer submitted that the District wrote a warning letter to the contractor to re-mobilise. The works of mending the cracks, fixing of the roof, installing metal poles in the draining and holding pen and reconstruction of the storeroom had since been completed.

Regarding drilling of the borehole, the Ministry has written to the Provincial Permanent Secretary, Eastern Province, requesting him to instruct the contractor to go back and drill the borehole. With regard to the cleaning of the septic tank and construction of the closed channel using the 6” PVC pipes, your Committee was informed that these works were not part of the contract.

### **Committee’s Observations and Recommendations**

Your Committee expresses concern that despite over fifty percent of the total value of the contract being paid to the contractor, the remaining outstanding works are huge. In addition, the inability of the contractor to re-mobilise despite efforts by the district administration goes to show the lack of seriousness on the part of the contractor. The Controlling Officer is urged to request the contractor to re-mobilises without any further delay, failure to which the contract must terminated forthwith and the remaining works re-tendered. Your Committee resolves to await a progress report on the completion of all outstanding works.

#### **iv) Kagoro Dip Tank – Katete – K30,807**

The Controlling Officer submitted that the mending of the cracks, sinking of a borehole, installation of metal poles around the draining and holding pens except reconstruction of the store room and fixing of the its roof had since been completed. As for demobilising from the site, the District wrote a warning letter to the contractor to get back to site and finish the works. The contractor however, wrote back to the District

indicating that he was unable to finish the works due to lack of funds. The District Tender Committee had since terminated the contract and were in the process of engaging another contractor to complete the remaining works.

The Ministry had since written to the Zambia Public Procurement Authority recommending for action against the defaulting contractor.

### **Committee's Observations and Recommendations**

Your Committee notes with regret that the termination of the contract arising from the delay by the Government to offset the remaining balance points to the fact that the manner in which contracts are being entered into needs urgent attention. This delay in offsetting the balance has also culminated in the completion period being extended. Your Committee urges the Controlling Officer to ensure that contracts are adhered to in order to achieve value for money. Further, the Government must develop an infrastructure development implementation plan in order to deal with the construction or rehabilitation of dams in a phased manner so that funds are released in full and on time to the contractors. Your Committee resolves to await a progress report on the completion of all outstanding works.

#### **v) Joel Dip Tank – Katete – K30,645**

The Controlling Officer submitted that the contractor took possession of the site on 24<sup>th</sup> November, 2014 and the rehabilitation of the dip tank was expected to be completed on 29<sup>th</sup> December, 2014. Although the

contractor had taken possession of the site, there were delays in the completion of works hence the District wrote a warning letter on 22<sup>nd</sup> December, 2014 to the contractor to complete the works. The works had since been completed as indicated on the completion certificate, which was available for verification.

### **Committee's Observations and Recommendations**

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

#### **vi) Construction and Rehabilitation of Dip Tanks – Petauke**

- **Construction of Nyamphande Dip Tank – K148,684**

The Controlling Officer submitted that the delay was due to a number of factors. The contractor had three rehabilitation and one construction contracts. Since he moved on site in the rainy season, the contractor could not start the new construction as it was going to be difficult to carry out excavation and shattering of the tank. As a result, he concentrated on the three rehabilitations. On 24<sup>th</sup> February 2015, he submitted a completion certificate for payment for the rehabilitation works. The Ministry only paid the certificates on 5<sup>th</sup> May, 2015. Upon payment of the interim certificate of the three projects, the contractor moved on site and did excavation works and a borehole for the new dip tank at New Nyamphande. However, the contractor could not proceed as the steel and brickwork were missing in the BOQ. The Provincial

Veterinary Officer had since written to the Provincial Procurement Committee for authority to vary the works.

Noting the lapse in time the Ministry had since written to the Provincial Permanent Secretary, Eastern Province requesting him to vary the works and re-engage the contractor to move on site as soon as possible.

- **Rehabilitation of North Nyamphande Dip Tank – K39,569**

The Controlling Officer submitted that the District had written a warning letter on 22<sup>nd</sup> February, 2016 to the contractor instructing him to rectify the anomalies of replacing the roof and replacing timber with metal trusses at his own cost. The contractor had since committed himself to go back on site by 17<sup>th</sup> November, 2016.

### **Committee's Observations and Recommendations**

Your Committee is concerned with the number of projects given to one contractor to handle within the time frame given. It is inconceivable for one contractor to rehabilitate three dams and construct a new dam within the specified period. It is the considered view of your Committee that this action not only contributed to the delay in the completion period of the projects but also compromised the quality of works done. Your Committee urges the Controlling Officer that for the future one contractor is given only one contract at any given time in order to maintain the required standard of works. Your Committee resolves to await a progress report on the completion of all outstanding works.

**vii) Nsenya Dam - Petauke**

The Controlling Officer submitted that the Ministry wrote to the contractor requesting him to go back on site and remedy the works. However, the contractor requested that a variation order be done to enable him carry out remedial works on the damaged part of the dam hence he had not yet gone back on site as the variation had not been done.

**Committee's Observations and Recommendations**

Your Committee is concerned over the management of infrastructure development in the Ministry. Whereas the dam was expected to be completed within twenty weeks, two years has elapsed and the works are incomplete. Further, even the works done so far are substandard. This is despite ninety percent of the funds having been paid to the contractor. Your Committee directs that, going forward, the Ministry must ensure close supervision by consultants over contractors. The Controlling Officer is urged to ensure that all the outstanding works are completed without delay failure to which legal action should be taken against the contractor so that funds recovered are channeled to completion of the outstanding works. Further, the Ministry must strengthen the monitoring of infrastructure development projects so that contractual time frames

are adhered to. Your Committee resolves to await a progress report on the completion of all outstanding works.

## **b) Southern Province**

### **i) Nega Nega Dip Tank - Mazabuka – K187,000**

The Controlling Officer submitted that the defects were noted and that he had since informed the contractor to rectify the faults. However, the contractor did not move on site despite several verbal reminders. To this effect on 10<sup>th</sup> May, 2016 the District wrote a warning letter to the contractor instructing him to complete the outstanding works and rectify the defects. The contractor wrote a commitment letter dated 26<sup>th</sup> October, 2016 to mobilise back and had since gone back on site and works were ongoing.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that action was only taken by the Ministry long after the contractor had demobilised. This points to the fact that there is weak supervision by the consultants over most of these government projects, resulting in shoddy and incomplete works in some instances. The Controlling Officer directed to ensure that all the outstanding works are completed without any further delay. Further, the Controlling Officer should institute measures to strengthen the monitoring of infrastructure development projects so that contractual

time frames are adhered to. Your Committee resolves to await a progress report on the completion of all outstanding works as indicated in the commitment letter by the contractor.

**ii) Maggobo Dip Tank - Mazabuka – K80,000**

The Controlling Officer submitted that the Ministry had earlier noted the same defects and informed the contractor to rectify them. However the contractor did not move on site despite several verbal reminders. To this effect, on 12<sup>th</sup> May, 2016 the District wrote a warning letter to the contractor instructing him to go back rectify the defects but the contractor did not move on site and the matter had since been reported to the Police and the Anti-Corruption.

**Committee’s Observations and Recommendations**

Your Committee is dismayed by the laxity exhibited by the Ministry in terms of supervision of contractors whenever funds were released for infrastructure projects. It is disheartening that despite ninety-eight percent of the total project contract price being paid to the contractor, the quality of works as well the outstanding works leave much to be desired. In view of the above, Your Committee urges the Controlling Officer to ensure that consultants enhance their supervision of projects in order to yield the much needed quality upgraded infrastructure. Your Committee further directs that in addition to the matter being reported to investigative wings, the contract should be terminated with compensation and costs against the contractor, while the contractor must



be blacklisted from future Government contracts. Your Committee resolves to await a progress report on the matter.

**iii) Tandabale Dip Tank - Mazabuka – K239,433**

The Controlling Officer submitted that the Ministry had earlier noted the same defects and informed the contractor to rectify the faults. To this effect on 16<sup>th</sup> May, 2016 the District wrote a warning letter to the contractor instructing him to rectify the defects. The contractor wrote to the Ministry requesting for an extension of the contract which was granted. The contractor had since rectified the defects which would be verified upon availability of water.

**Committee’s Observations and Recommendations**

Your Committee is seriously concerned over on the quality of works being done by most of the contractors. It is disappointing that most local contractors’ work is shoddy which has a bearing on the life span of the dams, therefore, the full benefits of these facilities for the locals could not be attained. Your ‘committee urges the Controlling Officer to scale up supervision by project managers in order to avoid the recurrence of the query. Your Committee, therefore, resolves to close this matter subject to verification.

**iv) Chief Hanjalika’s Palace - Mazabuka – K304,740**

The Controlling Officer submitted that the Ministry had earlier noted the same defects and informed the contractor to rectify them. To this effect, on 16<sup>th</sup> May, 2016 the District wrote a warning letter to the contractor, instructing him to rectify the defects. The contractor wrote a commitment letter to the Ministry and requested for an extension of the contract which was granted. The contractor had since rectified the defects.

With regards to the use of steel instead of timber as specified in the BOQ, the officer who instructed the contractors to use steel instead of timber had since been charged.

### **Committee's Observations and Recommendations**

Your Committee is concerned over the poor quality of works being done by most contractors. It is disappointing that most local contractors' work is shoddy and generally of poor quality, which has a bearing on the life span of the dams. This large limits the full benefits for the local communities. Your Committee directs the Controlling Officer to scale up supervision by consultants in order to avoid the recurrence of the query. Additionally, the contractor must be engaged to use steel instead of timber as provided in the bill of quantities. Your Committee resolves to await a progress report on the outstanding works.

#### **v) Sijekeke Dip Tank - Sinazongwe – K70,000**

The Controlling Officer submitted that the District works supervisor wrote to the contractor instructing him to go back on site and construct the 75mm thick concrete slab in both pens and re-treat the timber. The Ministry had since written to the Permanent Secretary, Southern Province, requesting him to call the contractor back on site to complete the works.

### **Committee's Observations and Recommendations**

Your Committee expresses concern over the poor quality of works being done by most of the contractors. It is disappointing that most local contractors' work is shoddy and generally of poor quality, which has a bearing on the life span of the dams. This limits the full benefits for the locals. Your Committee urges the Controlling Officer to scale up supervision of infrastructure projects by the project managers in order to avoid the recurrence of the query. Your Committee resolves to await a progress report on the completion of outstanding works.

#### **vi) Siamujele Dip Tank - Sinazongwe – K70,000**

The Controlling Officer submitted that the contractor had since replaced the roof and provided the treated hard wood timber. However, the works on mending the cracks and constructing the concrete slab in the holding pens were still outstanding. The District had since terminated the contract because the contractor had abandoned the site.

### **Committee's Observations and Recommendations**

Your Committee notes the action taken by the District in terminating the contract. This sends a signal to contractors that non-adherence to the terms and conditions contained in the contracts will not be taken lightly. Your Committee urges the Controlling Officer to ensure that the contractor is blacklisted from any government projects. Additionally, the Government should seek compensation for non-performance from the contractor in accordance with the provisions of the law. Further, the remaining works must be re-tendered without further delay. Your Committee resolves to await a progress report on the completion of the outstanding works.

**vii) Construction of an Office Block - Sinazongwe – K369,055**

The Controlling Officer submitted that the Ministry wrote to the contractor instructing him to go back on site and complete the works. The current status on this matter was that the contractor had since mobilised back to site and the works were ongoing.

**Committee's Observations and Recommendations**

Your Committee expresses concern over the poor quality of works being done by most contractors, especially local contractors. This calls for vigorous supervision by the Ministry to ensure that contractors are kept in check. Your Committee urges the Controlling Officer to ensure that contractors who are not performing in accordance with their contractual obligations, have their contracts terminated without hesitation. Your

Committee resolves to await a progress report on the completion of the outstanding works.

**viii) Construction of Two Low Cost Houses - Sinazongwe – K772,882**

The Controlling Officer submitted that the Ministry had written to the contractors instructing them to go back on site and complete the works.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable that contractual provisions are not being adhered to. It is shocking that despite the agreed completion period being sixteen weeks, the project has stalled for over a year. Further, your Committee is disheartened that no action has been taken by the Ministry against the contractor for not complying with the Terms and Conditions contained in the contract. Your Committee urges the Controlling Officer to terminate all contracts in the event of breach by the contractors without hesitation, and proceed to claim compensation for such breach accordingly. Your Committee resolves to await a progress report on the completion of the outstanding works.

**ix) Construction of One Medium Cost House - Sinazongwe**

The Controlling Officer submitted that the Ministry wrote to the contractor, instructing him to go back on site and complete the works.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that contractual provisions are not being adhered to. It is shocking that despite the agreed completion period being sixteen weeks, the project has stalled for over a year. Further, your Committee is disheartened that no action has been taken by the Ministry against the contractor for not complying with the terms and conditions contained in the contract. Your Committee urges the Controlling Officer to terminate all contracts in the event of breach by the contractors without hesitation, and proceed to claim compensation for such breach accordingly. Your Committee resolves to await a progress report on the completion of the outstanding works.

#### **c) Copperbelt - Rehabilitation of the Exhibition Stand at the Show Grounds - K486,869**

The Controlling Officer submitted that the Ministry had since written to the Provincial Permanent Secretary, Copperbelt Province recommending that disciplinary action be taken against the officers involved in flouting the tender procedures.

### **Committee's Observations and Recommendations**

Your Committee expresses worry that the Ministry only took action after the revelations by the auditors. This points to the fact that there is weak supervision in the Ministry resulting in a breakdown of discipline among officers. Your Committee urges the Controlling Officer to ensure that

thorough investigations are carried out in order to establish how the funds were utilized. Your Committee resolves to await a progress report on the findings of the investigations.

**MINISTRY OF AGRICULTURE AND LIVESTOCK – AGRIBUSINESS  
AND MARKETING DEPARTMENT**

**AUDIT QUERY**

**PARAGRAPH 57**

UNIT :Agriculture Finance and Credit Management

PROGRAMMES :1253 Farmer Input Support Programme (FISP)

1377 FISP Electronic Voucher Pilot

ACTIVITIES: Various

**Accounting and Other Irregularities**

57. An examination of the financial and other related records maintained at the Ministry Headquarters, Provincial Agriculture Co-ordinating Offices (PACOs), District Agriculture Co-ordinating Offices (DACOs) and physical inspections of selected Co-operatives and warehouses carried out between March and June 2016 revealed various weaknesses to which the Controlling Officer responded as set out below.

**a)Conventional FISP Programme - Procurement of Inputs**

- i) Failure to Recover Funds for Fertiliser not Supplied – Nyiombo –  
K9,696,240**

The Controlling Officer submitted that the funds would be recovered from the supplier. This had been already communicated.

### **Committee's Observations and Recommendations**

Your Committee expresses shock at the laxity by the Ministry to recover such a colossal amount of money. It is clear that the Ministry does not attach importance to the objectives of FISP, thereby not pressuring the supplier for the recovery of these funds. Your Committee strongly urges the Controlling Officer, as a matter of extreme urgency, to seek legal redress with the Attorney General's Chambers so that these funds are recovered in full and with interest without any further delay. Your Committee resolves to await a progress report on the matter.

#### **ii) Contracts Awarded for the Supply of Seed – K83,126,412**

- **Irregularities in the Supply of Seed**

The Controlling Officer submitted that the Ministry procured seed in two phases under two separate contracts through direct bidding as the various seed is owned by specific companies. However, the total invoiced quantities included seed quantities from both contracts. Contracts for both procurements of seed were available for audit verification.

### **Committee's Observations and Recommendations**



Your Committee expresses concern that at the time of audit, the Ministry did not provide clarifications as regards the details of the two separate contracts for the supply of seed, which resulted in the query. This conduct points to the fact that accounting records are not being well maintained at the Ministry. Your Committee strongly urges the Controlling Officer to ensure that accounting records are well maintained at all times to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

- **Unsupported Invoices – K37,527,383**

The Controlling Officer informed your Committee that the invoice submitted by SEEDCO was as per signed contract. However, the Ministry did not pick the 6 metric tonnes seed from the supplier because the allocated transporter did not manage to collect within the stipulated time from the suppliers as the planting season had elapsed. The Ministry requested the company to keep the seed on its behalf. Documents showing the availability of this seed at SEEDCO were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds the reasons advanced for the non collection of 6 metric tonnes of seed by the Ministry very unfortunate. It is sheer negligence on the part of the Ministry that value for funds was not achieved despite the seed being paid for in full. Needless to say, it is

critical for inputs to reach the intended beneficiaries timely, failing to which the intended objectives of FISP may not be achieved as planting is a very time sensitive activity. The Controlling Officer is cautioned to desist from dealing with such an important sector in a casual manner and ensure that the company that failed to transport the seed is blacklisted from any future contracts. Your Committee resolves to await a progress report on the distribution of the seed to the intended beneficiaries.

**b) Weaknesses in Accounting for Revenue**

**i) Failure to Collect Revenue - FISP Ring Fence Accounts - K13,200,418**

The Controlling Officer submitted that the difference between the expected and collected revenue was due to some undelivered and unpaid for inputs during the season. Documents were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee contends that the reasons advanced for the failure to collect the funds are unacceptable. It is clear that the Ministry has failed to manage the FISP programme as expected due to various reasons, among which are delays in rolling the e-voucher system of input distribution. Your Committee urges the Controlling Officer to ensure that the e-voucher system is rolled out to all the districts so as to promote the timely distribution of inputs as well as full collection

of the attendant revenue. Your Committee resolves to await a progress report on the full implementation of the e-voucher system.

**iii) Failure to Avail Bank Statements – Lusaka**

The Controlling Officer submitted that the bank statement for Investrust Bank was collected and was available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses regret that at audit stage not only the bank statement but also the deposit slips were not audited. This demonstrates that the management of accounting documents at the Ministry requires immediate attention. Your Committee urges the Controlling Officer to ensure that the officers responsible for keeping accounting documents are disciplined for negligence of duty. Further, all relevant documents should be submitted for audit verification. Your Committee will await a progress report on the matter.

**c) Weaknesses in Management of Inputs**

**i) Late Delivery of Inputs – K1,782,810**

The Controlling Officer submitted that late in the 2015/2016 season, there was a decision to revise the maize pack allocations to all districts under the conventional FISP to 2014/2015 season levels. This resulted

in late delivery of inputs to some districts as these inputs were not initially planned to be delivered to these districts.

District	No. of Inputs				Total K	Period Delivered
	Fertilizer x 50 Kgs bags	Maize x 10 Kgs bags	Rice x 10 Kg	Groundnuts x 10 Kg		
Mwinilunga	5,143	0	0	0	462,870	16.12.15 - 8.02.16
Kasempa	9502	0	0	0	855,180	01.03.16 - 07.03.16
Manyinga	2,306	0	0	0	207,540	14.01.16 - 19.02.16
Solwezi	731	0	0	0	65,790	14.01.16 - 27.01.16
Kabompo	3,056	0	0	0	275,040	28.12.15 - 26.02.16
Kawambwa	1,631	409	0	0	163,150	26.01.16 - 23.5.16
Mansa	2,448	610	0	0	244,800	26.01.16 - 23.5.16
Nchelenge	236	59	0	0	23,600	26.01.16 - 23.5.16
Samfya	956	224	30	0	96,200	26.01.16 - 23.5.16
Nkeyema	52	13	0	0	5,200	February, 2016
Kaoma	60	15	0	0	6,000	February, 2016
Chinsali	302	69	13	0	30,460	March to June 16
Mpika	2,630	693	0	0	264,420	March to June 16
Nakonde	208	52	0	0	20,800	March to June 16
Lundazi	0	868	0	28	351,010	21.01.16 - 8.02.16
Sinda	0	737	0	46	299,680	21.01.16 - 8.02.16
Katete	0	512	0	34	210,890	21.01.16 - 8.02.16
<b>Total</b>	<b>29,261</b>	<b>4,261</b>	<b>43</b> <sup>547</sup>	<b>108</b>	<b>3,582,630</b>	

## **Committee's Observations and Recommendations**

Your Committee expresses concern on the general management of FISP. Whilst colossal sums of public resources are being injected to support the programme, value for money is not being achieved due to poor implementation. Your Committee contends that a possible solution to the challenges in the distribution of inputs is the rolling out of e-voucher system to all the districts. In this vein, your Committee urges the Controlling Officer to ensure that the e-voucher system is rolled out to all the districts so as to achieve the timely distribution of inputs. Your Committee resolves to close the matter subject to audit verification.

### **ii) Late Distribution of Inputs to Farmers - K3,582,630**

The Controlling Officer explained that the late distribution of inputs to farmers was caused by many factors, including the second allocation of inputs, shuffling of fertilizers due to the revision of maize packs and also slow supply of some seed. Further, due to the sudden depreciation of the Kwacha, the contracted suppliers of groundnuts had challenges in the importation of the seed.

## **Committee's Observations and Recommendations**

Your Committee expresses concern on the general management of FISP. Whilst colossal sums of public resources are being injected to support the programme, value for funds is not being achieved due to poor

implementation. Your Committee contends that a possible solution to the challenges in the distribution of inputs is the rolling out of e-voucher system to all the districts. In this vein, your Committee urges the Controlling Officer to ensure that the e-voucher system is rolled out to all the districts so as to achieve the timely distribution of inputs. Your Committee resolves to close the matter subject to audit verification.

**iii) Expired Inputs – K14,390**

The Controlling Officer submitted that after every season and towards the following planting season, the carryover seed had to be sampled and tested by the Seed Control and Certification Institute to determine its viability. Any seed that failed the germination test was disposed of in line with the law, whereas the good seed was offered for distribution during the subsequent season.

**Committee’s Observations and Recommendations**

Your Committee notes the response and resolves to urge the Controlling Officer to ensure all the damaged seed is disposed of to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**iv) Unacquitted for Farming Inputs – K417,530**

The Controlling Officer submitted that inputs had since been acquitted by the beneficiary farmers. Documents were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee notes with regret that the Ministry only took action after the audit process. This demonstrates that there is weak supervision and poor record management at the Ministry, resulting in indiscipline by officers. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers so as to avoid recurrence of the query. Further, all relevant documents should be submitted for verification. Your Committee resolves to await a progress report on the matter.

#### **v) Stolen Farm Inputs – Mpulungu – K35,190**

The Controlling Officer submitted that the matter was reported to Mpulungu Police and was still under investigation. A police report was available for audit verification.

### **Committee's Observations and Recommendations**



Your Committee expresses concern that despite the incident having occurred in 2015, the Ministry has not followed up the matter with the Mpulungu Police to establish its current status. Your Committee urges the Controlling Officer to aggressively pursue the matter in order to ensure that all culprits are dealt with in accordance with the law. Additionally, the Controlling Officer should implement remedial measures in other warehouses to prevent similar occurrences. Your Committee resolves to await a progress report on the matter.

**vi) Issuance of Inputs to Unqualified Farmers – K584,930**

The Controlling Officer informed your Committee that at time of audit, the updated membership registers for the cited co-operatives had not yet been submitted to the respective district agricultural offices. However, the updated registers had since been submitted and were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee notes the response and resolves to closes the matter subject to audit verification.

**vii) Undelivered Farming Inputs – K584,450**

The Controlling Officer submitted that the issue of undelivered seed arose due to failure by the contracted companies to supply the contracted seed varieties. This situation was as a result of the sudden depreciation of the Kwacha, which made it difficult for the companies to import the groundnuts, soya beans, beans and sorghum seed at the earlier contracted prices.

The undelivered fertilizer was from Nitrogen Chemicals of Zambia (NCZ), and the company would deliver the inputs during the 2016/2017 season.

### **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to ensure the contract is terminated and re-tendered to avoid further delay of supply of inputs. Your Committee resolves to await a progress report on the matter.

#### **viii) Inputs Paid for but not Delivered – K460,630**

The Controlling Officer submitted that the issue of undelivered seed arose due to failure by the contracted companies to supply the contracted seed varieties. This situation was as a result of the sudden depreciation of the Kwacha, which made it difficult for the companies to import the

groundnuts, soya beans, beans and sorghum seed at the earlier contracted prices.

The undelivered fertilizer was from Nitrogen Chemicals of Zambia (NCZ), and the company will deliver the inputs during the 2016/2017 season. Farmers affected by this would be given priority and issued with the inputs they paid for during the 2016/2017 season.

### **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to ensure the contract is terminated and re-tendered to avoid further delay of supply of inputs. Your Committee resolves to await a progress report on the matter.

#### **ix) Excess Delivery of Inputs – K93,200**

The carryover inputs would be issued to farmers during the 2016/2017 season. Officers from Seed Control and Certification Institute (SCCI) had been dispatched to test the carryover seed and advise whether to issue it to farmers or have it destroyed.

### **Committee's Observations and Recommendations**

Your Committee finds the explanation by the Controlling Officer unacceptable given that the over distribution of inputs to the two districts potentially disadvantaged deserving farmers in other districts. It is quite evident from the numerous queries that the Ministry has failed to

implement the programme in a satisfactory manner. This partly explains why most farmers are not graduating from being peasant farmers. Your Committee cautions the Controlling Officer to desist from being a spectator in the administration of FISP but be hands-on in order to ensure value for money is achieved. Additionally, the officers who were charged with the responsibility of planning the procurement of inputs must be disciplined to avoid the recurrence of the issue of excess delivery which could lead to unnecessary loss of public funds in this case. Your Committee resolves to await a progress report on the matter, including the current status of the inputs to ascertain whether they could be re-used in the 2016/2017 season.

**x) Unaccounted for Inputs - K224,940**

The Controlling Officer submitted as follows:

**Manyinga**

Some Goods Issued Notes (GINs) were misfiled at the time of audit and could not be availed for audit. The missing GINs relating to the unaccounted for 169 bags of fertilizer were now available for audit and reconciles.

**Solwezi**

The eighty one bags of fertilizer were unaccounted for by the Warehouse Manager. The Ministry had written to Warehouse Manager (Nitrogen

Chemicals of Zambia Ltd.) to replace the unaccounted for fertilizer. Documents were available for audit verification.

### **Kitwe**

The unaccounted for inputs were as a result of the reported theft at the warehouse and a police report was available. The value of the lost inputs would be recovered from the Warehouse Manager at the of processing payment of their claim.

### **Nkeyema**

The Ministry had written to the supplier (NCZ) to replace the unaccounted for D-Compound fertilizer.

### **Nakonde**

The District was allocated 25,473 bags of D-Compound fertilizer and all these were received and distributed. Documents were available for audit verification.

### **Katete**

The District's total D Compound fertilizer received stood at 56,550 x 50 Kg bags. On 31<sup>st</sup> March, 2016, as the 2015/16 Season FISP Wrap Up Report was being compiled, out of the 56,550 x 50 Kg bags D Compound received, only 30 x 50 kg bags had remained in the shed.

The Warehouse Manager confirmed having the same quantity in stock. Documents were available for audit verification.

Farmers affected by this would be given priority and issued with the inputs they paid for during the 2016/2017 season.

### **Committee's Observations and Recommendations**

Your Committee expresses concern on the general administration of the FISP programme by the Ministry. It is disheartening that despite the Ministry having managed the programme for a long time now, the same queries keep re-appearing in successive agriculture seasons which negates the objectives of the programme. These perennial anomalies show the weak monitoring of the implementation of the programme by the Ministry. Your Committee urges the Controlling Officer to scale up measures on the distribution of inputs as well as strengthen the monitoring and evaluation in order to reduce the number of queries. Your Committee directs that all documents be submitted for audit verification and that an update be submitted to them on all the outstanding matters.

#### **xi) Unsupported Collection of Inputs – K2,571,360**

The Controlling Officer submitted as follows:

#### **Kalomo, Luampa and Mongu**

The deposit slips and other documents that farmers used to collect were misfiled wrongly and, therefore, not availed at the time of audit. The documents were available for audit verification.

### **Mbala**

At the time of audit, the documents were not availed to the auditors to support the issuance of inputs due to misfiling. The distribution documents were now available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern on the poor record keeping at the Ministry resulting in the non availability of the documents during the audit process. This clearly demonstrates weak supervision of the officers charged with the responsibility of keeping stores records. Your Committee urges the Controlling Officer to take disciplinary action against erring officers in this case and to scale up supervision of stores staff and ensure that all accounting records are well maintained to avoid the recurrence of the query. Your Committee resolves to await a progress report on this matter.

#### **xii) Questionable Acquittals of Inputs - Rufunsa – K10,800**

The Controlling Officer submitted that it was true that some farmers had signed for inputs on behalf of their colleagues for various reasons. However, corrective action has been taken, where all the beneficiary

farmers had signed for the inputs in their own capacity. Documents were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the Ministry allowed other persons to sign for inputs on behalf of their colleagues in total disregard to laid down FISP guidelines. It is worrying that the officers who are supposed to enforce the guidelines to the latter are the ones flouting the guidelines with impunity. This act raises more questions on the authenticity of the subsequent acquitted documents. In this vein, your Committee calls for a thorough investigation into this matter and urges the Controlling Officer to institute disciplinary action against the officers involved for non adherence to FISP guidelines. Your Committee resolves to await a progress report on this matter.

#### **xiii) Excess Issuance of Inputs - Luampa – K53,040**

The Controlling Officer submitted that a follow up was made and it was proved that the farmers got the input packs as observed. A letter had been written to the District Agricultural Coordinator for Luampa District requesting for an explanation of the circumstances that led to the issuance of more than a pack to each beneficiary farmer. The DACO involved was currently awaiting the decision by the Ministerial disciplinary committee. Documents were available for audit verification.



## **Committee's Observations and Recommendations**

Your Committee finds the explanation by the Ministry unacceptable given that the over distribution of inputs to the district is an anomaly which potentially disadvantages vulnerable farming in other districts. It is quite evident from the numerous queries that the Ministry has failed to implement the programme in a satisfactory manner, and partly explains why most farmers are not graduating from being peasant farmers. Your Committee cautions the Controlling Officer against being a spectator in the administration of FISP but urges him to be hands-on in order to achieve value for the public resources availed for the programme. Additionally, Your Committee calls for regular monitoring of the implementation of the programme so that such issues are not raised only at audit stage. Your Committee resolves to await a progress report on the current status of the matter.

### **xiv) Loss of Fertiliser in Transit – Manyinga – K22,950**

The Controlling Officer submitted that records at DACO's office in Kasempa showed that 12,000 bags of D-compound were received. The delivery notes were available for verification.

## **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the documents were not availed to the auditors during audit process. This points to the poor record keeping at the Ministry. Your Committee urges the Controlling

Officer to ensure that accounting records are well maintained at the Ministry to avoid the re-occurrence of the query. Your Committee resolves to await a progress report on the matter.

#### **d)Implementation of the Electronic Voucher Programme – K366,676,400**

##### **i) Failure to Provide Bank Statements**

The Controlling Officer submitted that the Bank statements from Zanaco Bank, Banc ABC and UBA Bank were available for audit verification.

##### **Committee’s Observations and Recommendations**

Your Committee is disappointed that the Bank statements were not availed to the auditors during the audit process. This shows the *laissez-faire* attitude at the Ministry in the management of FISP and maintenance of accounting records. Your Committee urges the Controlling Officer is urged to ensure that the accounting records are well maintained at the Ministry to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

##### **ii) Unreconciled Revenue - Monze –K10,970,800**

The Controlling Officer submitted that the separated bank statement for Monze District was available for audit verification after the Bank isolated entries for the District from the other two districts.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that the reconciled revenue for Monze District were not availed to the auditors at audit stage. This shows the laissez-faire attitude at the Ministry in dealing with the auditors. Your Committee urges the Controlling Officer to take disciplinary action against officers responsible for this lapse to henceforth ensure that bank reconciliations are done immediately revenue is collected. Your Committee resolves to await an update on the matter.

#### **iii) Failure to Load E-Voucher Cards – 8,437,100**

The Controlling Officer submitted that the top up was not loaded on the affected cards because some cards were loaded more funds than the prescribed K2,100. The affected cards had been identified by the banks and the affected cards were currently being loaded with respective balance amounts. Bank load reports were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the matter was only acted upon after the auditors revealed the anomaly at audit stage. This points to the fact there is weak monitoring of the FISP programme. The Controlling

Officer is urged to ensure that the implementation of the programme is closely monitored so that such issues are resolved within a reasonable time. Your Committee resolves to close the matter subject to audit verification.

**iv) Beneficiaries with E-Voucher Cards Bearing Same Numbers - K585,900**

The Controlling Officer informed your Committee that the Ministry had through ZNFU, written to the banks that produced the cards to rectify the anomaly and ensure that there were no such cases during the 2016/2017 season.

**Committee's Observations and Recommendations**

Your Committee contends that the very fact that the Ministry only took action after the auditors revealed the shortcomings points to weak supervision at the Ministry. Further, the duplication of farmer details shows that the system being used is defective and must be upgraded without any further delay. The Controlling Officer is urged closely monitor the implementation of the programme is closely monitored so that such issues are addressed before the distribution of inputs. Your Committee resolves to close the matter subject to audit verification

**v) Failure to Distribute E-Vouchers Cards – Kalomo**

The Controlling Officer submitted that the FISP E-Voucher guidelines Nos. 10.1.6 (e) and 3 (iv) demanded that each beneficiary farmer should collect their cards in person upon production of an NRC and a photo being taken. However, the owners of the stated cards did not show up to collect their cards.

Consequently, the uncollected cards were not activated as the K400.00 farmer contributions were not deposited. The cards had since been surrendered to Zambia National Farmers Union (ZNFU) for custody as instructed.

### **Committee's Observations and Recommendations**

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

#### **vi) Unqualified Farmer Groups/Co-operatives**

The Controlling Officer submitted that the two mentioned cooperative societies were duly registered and documents are available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee wanders why the documents were not availed to the auditors during audit process. This point to poor record keeping at the Ministry. Your Committee urges the Controlling Officer to ensure that

the accounting records are well maintained at the Ministry to avoid the recurrence of the query and to take necessary disciplinary measures against officers who fail to cooperate with the auditors. Your Committee resolves to close the matter subject to audit verification.

**vii) Issuance of Unapproved items by Agro Dealers – Monze – K37,909**

The Controlling Officer submitted that the Ministry discovered this malpractice by the two agro dealers during the pilot and the affected agro dealers were first suspended and then made to pay back the funds involved in these transactions. Documents were available for audit verification.

For the 2016/2017 season, all registered Agro Dealers had been made to sign a Memorandum of Understanding with the Ministry where a clear Code of Conduct had been agreed to avoid a repeat of such incidences.

**Committee’s Observations and Recommendations**

Your Committee notes the intervention by the Ministry and urges the Controlling Officer to strengthen supervision and monitoring in order to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**viii) Irregular Drawing of Cash from an ATM using E-Voucher Cards – K19,590**

The Controlling Officer submitted that Ministry was aware of the drawing of the funds at an ATM in Ndola District. However, the affected farmers refunded the funds involved and the funds was deposited in the e-Voucher transaction account. Documents were available for audit verification.

The farmers involved had their cards withdrawn and they also each forfeited their K400 farmer contribution.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the e-vouchers do not seem to have adequate security features, resulting in the withdrawal of funds at the ATM by farmers. In addition, if adequate security features are not implemented there is a danger that the Government could lose colossal sums of money through fraud and other irregularities. Your Committee urges the Controlling Officer to ensure that the defective cards are withdrawn and only re-issued after implementing the security features in order to curtail this risk. Further, the matter should be thoroughly investigated in order to establish if there was any connivance between the officers at ZNFU and the farmers involved and appropriate action taken. Your Committee resolves to await a progress report on the current status of this matter.

#### **ix) Issuance of Cards to Ineligible Farmers - Monze – K210,000**

The Controlling Officer submitted that the farmers were eligible but the cooperatives had not updated their farmer registers with the office. The co-operative societies had since submitted the updated registers which were available for audit verification.

### **Committee's Observations and Recommendations**

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

## **e)Management of Operational Funds**

### **i) Missing Payment Vouchers – K2,515,619**

The Controlling Officer submitted that the missing payment vouchers were misfiled at time of audit but were now available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern with the poor record keeping at the Ministry. It is further disheartening that no disciplinary action has been taken against the erring officers. Your Committee urges to strengthen the record keeping at the Ministry as well as institute disciplinary measures against the erring officers. Your Committee resolves to await a progress report on the matter.



**ii) Misapplication of Funds – K180,387**

The Controlling Officer submitted that the transactions were all concerning FISP related activities.

**Committee’s Observations and Recommendations**

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

**iii) Unsupported Payments - Headquarters - K1,174,251**

The Controlling Officer submitted that supporting documents of the transactions listed above had since been recovered and were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern with the poor record keeping at the Ministry. It is further disheartening that no disciplinary action has been taken against the erring officers. Your Committee urges the Controlling Officer to strengthen record keeping at the Ministry as well as to institute disciplinary measures against the erring officers. Your Committee resolves to await a progress report on the matter.

**iv) Unretired Accountable Imprest – K166,918**

The Controlling Officer submitted that the imprests were misfiled at the time of audit and had since been found. Retirement documents were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds the explanation by the Ministry for not availing the documents at audit stage unacceptable. It is clear that the documents were only updated after the Ministry was queried by the auditors. It is further worrying that no disciplinary actions has been taken against the erring officers. Your Committee urges the Controlling Officer to strengthen the poor record keeping at the Ministry and to institute disciplinary measures against the erring officers. Your Committee resolves to await a progress report on the matter.

#### **v) Failure to Provide Breakdowns of Inputs Procured from Agro Dealers**

The Controlling Officer submitted that the Ministry found it practically challenging to collect this information at Camp Agricultural Committee (CAC) level as was prescribed in the manual for the pilot.

Further, the Ministry was in discussions with the participating banks on the possibility of electronically capturing the details of inputs purchased by farmers.

### **Committee's Observations and Recommendations**

Your Committee expresses serious concern on the general administration of the FISP by the Ministry. It is disheartening that despite the Ministry having managed the programme for a long time, the same queries keep re-appearing in successive agriculture seasons negating the objectives of the programme. These perennial anomalies point to weak supervision and monitoring of the programme by the Ministry. Your Committee urges the Controlling Officer to scale up control measures on the distribution of inputs as well as to strengthen the monitoring of a FISP implementation process in order to reduce the number of queries. Your Committee resolves to await a progress report on the matter.

## **OFFICE OF THE PRESIDENT – LUSAKA PROVINCE**

<b>AUDIT QUERY</b>	<b>PARAGRAPH</b>	<b>58</b>
DEPARTMENT :	Various	
PROGRAMME :	General Administration and Other Emoluments	
ACTIVITY :	Various	

## **Accounting and Other Irregularities**

58. An examination of financial and other records maintained at the Provincial Administration and a physical inspection of selected districts carried out in March and May 2016, revealed the following: to which the Controlling Officer responded as set out below

### **a) Unsupported Payments - K337, 362**

The Controlling Officer informed your Committee that at the time of audit, the documents in question were, mistakenly, filed in box folders and not attached to the payment vouchers. However, the documents in question had since been attached and were available for audit verification. The Controlling Officer further informed your Committee that the Province had since instituted measures to ensure that payments had all the documents attached and post audited by Internal Auditors.

### **Committee's Observations and Recommendations**

Your Committee is displeased with the failure by the officers to avail the documents to the auditors at the time of audit and finds it highly irregular that the documents are only available after the audit. Your Committee is, therefore, of the view that there was a possibility of officers manipulating the documents

after having been queried by the auditors. Your Committee, in this regard, urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers for this failure. Your Committee awaits a progress report.

**b) Weaknesses in the management of Imprest**

**i) Unretired Accountable Imprest - K118,870**

The Controlling Officer explained that these were subsistence and fuel allowances that were paid to officers in order for them to undertake various activities outside their stations. These allowances were, therefore, part of the officers' Conditions of Service. The Controlling Officer informed your Committee that the officers had since retired the imprests through Accounts Form 44A which was available for audit verification. The Heads of Departments had been instructed to ensure that Accounts Form 44A was completed within 48 Hours once an officer returned from duty outside the station.

**Committee's Observations and Recommendations**

Your Committee finds it highly unacceptable that officers irregularly used imprest to pay for allowances. Your Committee, in this regard, strongly urges the Controlling Officer to ensure that the matter does not recur as such a tendency can perpetuate the abrogation of financial regulations with

impunity. He is further urged to ensure that the officers are sternly cautioned for this lapse. Your Committee however, recommends the matter for closure subject to audit verification.

**ii) Irregular Use of Accountable Imprest - K156,175**

The Controlling Officer explained that this was necessitated by the urgency to procure these goods for Women's Day, Labour Day and Youth Day activities, as the funds were received late from the Ministry of Finance, making it difficult to undertake competitive procurement processes. The Controlling Officer, however, pledged before your Committee that the Province would ensure that such purchases were made on the open market, especially when funds were released in good time. The receipts were made available for audit verification in support of the purchase made.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the Provincial Administration's failure to adhere to Government regulations. Your Committee observes that the irregular use of accountable imprest may lead to non competitive procurement; therefore, it should not be entertained. Your Committee, in this regard, urges the Controlling Officer to ensure that the erring officers are disciplined and to also ensure that imprest at the Provincial Administration is managed in accordance with applicable regulations. Your Committee will await a report on the disciplinary process. In the meantime, all the relevant documents should be presented to the Auditor General for verification.

**iii) Unaccounted for Stores - K340,487**

The Controlling Officer explained that the stores items were entered in the stores ledgers without cheque numbers, making it difficult to trace the purchases. He informed your Committee that this had been brought to the attention of all the affected departments who had since corrected the anomaly. Further, the Procurement Unit in the Province had engaged all the departments on the need to maintain stores ledgers with the necessary details for ease of reference. The Controlling Officer assured your Committee that this would not occur in future. The receipt and disposal details in question were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern that stores were not properly accounted for. It observes that the accounting unit at the Provincial Administration seems not to be manned by competent staff as evidenced by the deliberate disregard of financial and stores regulations. Your Committee strongly urges the Controlling Officer to institute stern disciplinary action against the erring officers and will await a progress report on the matter.

**iv) Fuel Drawings not entered in Log Books - K33,203**

The Controlling Officer clarified that during the period under review, the Province was utilising old fuel log books that did not have a column for fuel

where details could be entered. He informed your Committee that the fuel log book had since been revised to include the column for fuel purchased for operations. The new log book was available for audit verification.

The Controlling Officer further informed your Committee that fuel was not entered in the log book for trips outside Lusaka District as there was a formula used for drawing fuel based on the distance from the station to the area where an activity was taking place. In this regard, the entering of fuel in the log book was only applicable when carrying out activities within Lusaka District.

### **Committee's Observations and Recommendations**

Your Committee does not accept the reason advanced by the Controlling Officer as the log book was only revised after the matter was raised by the auditors. Your Committee in this regard, is gravely concerned that fuel may have been misappropriated or not used for Government programmes. Your Committee strongly urges the Controlling Officer to institute disciplinary action on the erring officers and will await a progress report.

#### **c) Failure to Value and Insure an Office Block - Lusaka Provincial Administration**

The Controlling Officer informed your Committee that the Province had since written to the Ministry of Local Government and Housing (Valuation Department) to value the building. He assured your Committee that he would ensure that the valuation of the Building was done before the end of the year



and that he would then arrange for insurance premiums to be paid from the Province's 2017 budget.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the Controlling Officer had to be reminded to insure the office block, a matter which was mandatory for all government assets. Your Committee wishes to impress upon the Controlling Officer to ensure that the matter is resolved as promised before the end of the year. Your Committee will await a progress report on the matter.

#### **d) Unsupported Payments - K489, 789**

The Controlling Officer submitted that sixty transactions were paid out using the stipulated procedures. However, at the time of audit the salary advance forms, loan agreement forms, computation schedules and payslips were kept on individual personal files. These documents had since been photocopied and attached to payment vouchers and were available for audit verification.

He further pledged that he had instructed the Accounts Department to ensure that copies of the relevant documents were kept on individual files and attached to the corresponding payment vouchers for verification by the auditors.

### **Committee's Observations and Recommendations**

Your Committee does not accept the reason given by the Controlling Officer as this serious irregularity could have been resolved with the auditors during the

audit process if documents were made available. Your Committee in this regard, directs that the relevant documents be submitted for verification and urges the Controlling Officer to ensure that the erring officers are disciplined for this failure. Your Committee will await a progress report on the matter.

## **OFFICE OF THE PRESIDENT - LUSAKA PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 59**

PROGRAMME : General Deposit Account

ACTIVITIES : Various

### **Accounting and Other Irregularities**

59. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out during the period from March to May, 2016 revealed various irregularities to which the Controlling Officer responded as set out below.

#### **a) Failure to Produce Activity Reports - K206,753**

The Controlling Officer submitted that eight officers who undertook the construction site visitations for chiefs' palaces, sensitisation of local communities and sourcing for manpower to construct the Chiefs' palaces made several trips, which included follow ups for supervision. He explained that the activity reports were, therefore, prepared later following the conclusion of these assignments. The reports were filed separately in their respective subject files

and were currently available for audit verification. The Controlling Officer further assured your Committee that measures had since been put in place to ensure that the reports were submitted and attached to the retirement documents for each activity undertaken.

### **Committee's Observations and Recommendations**

Your Committee directs the Controlling Officer to ensure that the officers who did not avail this information to the auditors during the audit process as required by the regulations are disciplined. Your Committee will await a progress report on the matter.

#### **b) Failure to Reimburse Funds - K179,468**

The Controlling Officer informed your Committee that K137,762 had since been paid back to the General Deposit Account on EFTA No. 8222 dated 11<sup>th</sup> February 2016, leaving a balance of K31,706 still outstanding. He informed your Committee that the Province received less than 50% of the approved 2016 funding, making it difficult to pay back as there were other equally important and pressing programmes that the Province needed to undertake. He further assured your Committee that the Province was committed to ensuring that the outstanding debt of K31,706 was paid in full using the Province's Recurrent Departmental Charges (RDC) as soon as the Province was funded.

### **Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer to desist from borrowing funds from already budgeted for activities as such activities tend to suffer. Your Committee urges him to ensure that the remaining amount is reimbursed without further delay. Your Committee awaits a progress report.

**c) Unaccounted for Building Materials – Construction of Senior Chieftainess Nkomeshya’s Palace - K128,148**

The Controlling Officer informed your Committee that this was a labour based contract awarded at a labour cost of 40 percent of the total cost of materials. He informed your Committee that the contractor commenced the works using the procured materials and tools. The materials were delivered to Senior Chieftainess Nkhomeshya Mukambo II and were received by the retainer who was issuing the materials to the contractor. At the time of audit, the materials listed were used on building up to slab level before the contract changed from labour based to a fully fledged contract.

Your Committee learnt that all the works done up to the slab level consumed the K128,148 which was considered reasonable by the Provincial Buildings Engineer (PBE).

**Committee’s Observations and Recommendations**

Your Committee expresses concern that the Government can lose funds as result of this serious anomaly. Your Committee directs the Controlling Officer to ensure that the officers who did not adhere to the Public Stores Regulations in this case are disciplined. Your Committee will await a progress report on the matter.

## **OFFICE OF THE PRESIDENT – LUSAKA PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 60**

DEPARTMENT : Various  
PROGRAMME : Personal Emoluments  
ACTIVITY : Various

60. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2015, a provision of K44,250,264 was made to cater for personal emoluments against which amounts totalling K43,541,308 were released resulting in an underfunding of K708,956.

#### **a) Payroll Irregularity - Officer on Secondment but Still Drawing Salaries K67,695**

The Controlling Officer admitted that it was true that the officer got his secondment on 1<sup>st</sup> August, 2014. He also admitted that there was a lapse on the part of the Human Resource Department who only removed the officer from the payroll after he had been receiving his salary for a period of twelve months. This action was taken even before the external auditors brought the anomaly to the attention of the Province. A decision had since been made to make a full recovery of the salaries paid out to the officer, amounting to K67,695, once the officer had been re-introduced on the payroll.

#### **Committee's Observations and Recommendations**

Your Committee does not accept the reasons advanced by the Controlling Officer as the conduct by the officers in the Human Resource Department is a clear indication of lack of professionalism. Your Committee urges the Controlling Officer to ensure that the officer in question is quickly reintroduced on the payroll in order for him to refund the funds in question. Further, disciplinary action should be taken against the responsible officers in the Human Resource Department for this lapse. Your Committee awaits a progress report on the matter.

## **OFFICE OF THE PRESIDENT - LUSAKA PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 61**

DEPARTMENT : Headquarters  
PROGRAMME : Construction of Funzwe Earth Dam  
ACTIVITIES : Various

61. The Controlling Officer submitted that the contract was awarded to Pliable Engineering Limited in August 2013, at a sum of K2,688,982.42. The works commenced on 9<sup>th</sup> September, 2013 for a period of twenty weeks. The contractor was paid the contractual advance payment of K672,223 of which 325,329.46 was recovered. The balance of K346,893.54 was commensurate to the works done by the Contractor at the time of abandoning the site.

### **Construction of Funzwe Earth Dam**

The Controlling Officer informed your Committee that the Provincial Administration had since terminated the contract and had engaged the Zambia

National Service (ZNS) to complete the construction of Funzwe Dam. Works were progressing well and the construction of the dam was expected to be completed by the end of the year 2016.

### **Committee's Observations and Recommendations**

Your Committee finds it highly irregular that the contract was terminated without claiming liquidated damages from the contractor. It is particularly concerned that the Government has lost money as a result of this lapse. Your Committee cautions the Controlling Officer against engaging contractors with questionable capacity as this delays the process of delivering projects to the intended beneficiaries. Your Committee further urges the Controlling Officer to ensure that the contractor is prosecuted by the relevant Government agencies and also ensure that works are expedited and completed satisfactorily by the new contractor. Your Committee awaits a progress report on the matter.

## **OFFICE OF THE PRESIDENT- COPPERBELT PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 62**

PROGRAMME : General Administration

ACTIVITIES : Various

### **Accounting and Other Irregularities**

62. An examination of accounting and other records maintained at the Provincial Administration and other selected stations carried out in April and August, 2016, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

**a) Unaccounted for Stores - K66,369.00**

The Controlling Officer informed your Committee that the departmental heads were not fully sensitised on the need to provide disposal details on fuel utilisation. He however, assured your Committee that all departmental heads had since been sensitised through meetings and all payment requests were fully supported with the disposal details. Further, no payments were being processed without attaching the disposal details for the previous payments.

Your Committee was informed that the payments that were queried had since been supported with receipt and disposal details and were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee does not accept the reasons which the Controlling Officer has given because with proper supervision, the officers would have managed the stores in accordance with regulations. Your Committee implores the Controlling Officer to be proactive in dealing with financial matters such as this one and recommends that the matter be closed subject to audit verification.



**b) Irregular use of imprest - K18,600.00**

The Controlling Officer informed your Committee that the imprest was used to purchase presents for secretaries on their Secretary's day, as a way of motivating them. He however, assured your Committee that in future, such items would be directly paid to the suppliers.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Provincial Administration failed to observe the provisions of Financial Regulation No. 86(c) regarding the use of accountable imprest and called upon the Controlling Officer to institute disciplinary action against the officers responsible for this breach. Your Committee awaits a progress report on the matter.

**c) Failure to mark assets with identification Marks - K106,436.00**

The Controlling Officer informed your Committee that all assets costing K106,436.00, belonging to the Government, purchased in the year ending 31<sup>st</sup> December, 2015, had since been clearly marked with distinguishing letters "GRZ" in an inconspicuous part to identify them as Government property.

He explained that the user departments were allowed to collect the assets before marking the items, leading to delays in marking them. He however, assured your Committee that all the assets purchased since were being labelled before

being handed over to the end users. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee observes that the failure by the Provincial Administration to mark government assets was a serious omission for which the Controlling Officer should institute disciplinary action against the erring officers as such a lapse can result in the loss of Government assets through thefts. Your Committee however, resolves to close the matter subject to audit verification.

#### **d) Committing Government to Unauthorised debts - K9,958,433.15**

The Controlling Officer submitted that the Provincial Administration was unable to avoid the arrears relating to personal emoluments such as long service bonuses, leave terminal benefits, repatriation and settling in allowances, among others which accounted for 80% of the total debt due to inadequate funding. These were statutory requirements.

He informed your Committee that ten percent of the total approved budget was meant for dismantling arrears. Nevertheless, the Provincial Administration was committed to liquidating part of these arrears in subsequent years depending on funding levels from the Treasury. He further stated that the account statements from the utility companies were available for audit verification.

### **Committee's Observations and Recommendations**

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

**e) Failure to avail accounting records for audit - K192,304.00**

The Controlling Officer explained that this was due to the fact that the accounting records were being held at the Provincial Accounting Unit for submission of expenditure returns. However, the accounting records were later availed to the auditors.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to ensure safe custody of the accounting records in question. Your Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to submit the accounting records in accordance with the law. Your Committee awaits a progress report on the matter.

**f) Unaccounted for Revenue-Provincial Buildings Office - 157,870.00**

The Controlling Officer acknowledged that forty four private tenants were renting Government buildings and the rental income which was collected should have been deposited in the Government Revenue Account. He explained that K6,560.00 was deposited in the Government Revenue Account, while K31,365.00 was being recovered through the payroll of the Luanshya District Works Supervisor. The balance of K106,510.00 was used to settle utility bills, repair Government vehicles and office stationery for the Buildings Office. A further K13,435.00 was still being owed by the Tenants.

As a remedial measure, the Controlling Officer submitted that the duty to collect revenue had since been assigned to accountants based at the District Commissioner's Offices with effect from January, 2017. Supporting documentation was made available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee observes that this is a serious irregularity for which public funds can be lost through fraudulent activities. Your Committee strongly urges the Controlling Officer to institute disciplinary action against the officers who failed to account for the revenue in accordance with the Financial Regulations. Your Committee awaits a progress report on the matter.

## **OFFICE OF THE PRESIDENT – COPPERBELT**

### **AUDIT QUERY**

### **PARAGRAPH 63**

PROGRAMME : General Deposit Account

ACTIVITIES : Various

63. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March, 2016, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

**a) Failure to Provide Letters of Instructions/Receipts - K83,666.00**

The Controlling Officer submitted that requests for payment through the General Deposit Account were currently being supported with letters of instructions. He assured your Committee that payments from the General Deposit Account were currently not being processed without letters of Instruction.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to discipline the officers who failed in their duties and requests an update on the matter.

**b) Unretired Imprest - K9,562.00**

The Controlling Officer explained that the breakdown of the disposal details relating to the usage of the fuel during the Remembrance Parade of the World War II, amounting to K4,295, was not available at the time of the audit, making

the whole imprest outstanding. However, the breakdown had since been provided and was available for audit verification.

As a remedial measure, your Committee was informed that all heads of departments were written to on the need to support retirements with adequate documentation. The imprest in question had since been retired and the supporting records were available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that despite the Ministry having a fully fledged accounting unit in place, the administration of imprest remains poor. Your Committee directs the Controlling Officer to institute disciplinary action against the officer who failed to retire the imprest in accordance with the Financial Regulations. Your Committee further directs that the documents relating to the imprest that has since been retired should be submitted to the Office of the Auditor General for verification without further delay. Your Committee awaits a progress report on the matter.

### **c) Misapplication of Funds - K1,021,659.00**

The Controlling Officer informed your Committee that the Copperbelt Provincial Administration faced serious financial challenges during the years 2014 and 2015, a situation which affected the implementation of some of the

vital programmes. In view of the foregoing, the Provincial Administration could not avoid borrowing to meet some of the expenses relating to Parliamentary sessions for the Honourable Minister. Your Committee was informed that the challenge arose from the fact that the 2015 budget contained only out of pocket allowance for the Provincial Minister. However, half way through the year, the Provincial Administration was advised to pay subsistence allowance. This, therefore, left the Provincial Administration with the option of borrowing to meet the expenses. Additionally, the Provincial Administration could not avoid paying subsistence allowances to officers who were assigned to clear outstanding Human Resource cases during the Public Service Commission's visit to the Province and other essential activities.

The Controlling Officer, however, assured your Committee that the Provincial Administration was committed to paying back some of the borrowed funds during the year 2016 and to date, K274,459.86 had been paid back leaving a balance of K747,199.14

### **Committee's Observations and Recommendations**

Your Committee expresses concern that funds meant for other activities were misapplied despite this being against the Financial Regulations which prohibits the misapplication of funds. Your Committee is further concerned at the fact that the Controlling Officer in this case, seems to hold the view that as long as the Provincial Administration faces financial challenges, any misapplication is excusable when in fact not. Your Committee in this regard, strongly urges the Controlling Officer to ensure that funds at the Provincial Administration are applied on approved and budgeted for activities and in future, seek appropriate

authority before any variation of funds is done. Your Committee resolves to await a progress report on the matter.

## **OFFICE OF THE PRESIDENT – COPPERBELT**

### **AUDIT QUERY**

### **PARAGRAPH 64**

PROGRAMME : Poverty Reduction Program (PRP)

ACTIVITIES : Various

64. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March, 2016, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Delayed Completion - Lufwanyama Government Houses**

The Controlling Officer acknowledged that there was a delay in the completion of construction of the houses in Lufwanyama. He explained that this was due to the erratic funding which was experienced in the year 2015. He informed your Committee that from the total contract sum of K1,856,346.00 only a total of K582,669.20 was funded and paid to the contractor, leaving a balance of K1,275,676.80. This resulted in the delay in completion of the project against the schedule in the contract.

Your Committee was further informed that an amount of K1, 400,000.00 was provided for in the 2016 budget to complete the project but had not yet been released. The supporting documentation was available for audit verification.



## **Committee's Observations and Recommendations**

Your Committee expresses concern that the project is delayed on account of inadequate funding. Your Committee in this regard, urges the Secretary to the Treasury to facilitate the release of the requisite funding for completion of the project in order to avoid locking public resources in incomplete projects. Your Committee urges that in future, adequate provisions should be made for such projects. Your Committee further urges the Controlling Officer to ensure that management closely supervises the project once funded to ensure that the remaining works are completed without further delay. Your Committee awaits a progress report.

### **b) Poor Workmanship - Masaiti Youth Training Center**

The Controlling Officer acknowledged that the quality of work at the Youth Training Centre in Masaiti was poor, resulting in the corrosion of the roof, cracks on the floor and leaking of the roof while some window panes were missing. He, however, informed your Committee that a 10 % retention cost of K38, 587.74 was still retained at the Treasury (Ministry of Finance) for the contractor. This amount would only be paid to the contractor once the works on the identified defects were corrected.

Your Committee was further informed that the contractor had been written to and requested to correct all the defects identified. In an event that the contractor did not rectify the defects, the project manager would use the

K38,587.74 to engage another contractor. The supporting documentation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee observes that the Provincial Administration has to improve on project monitoring in order to avert poor workmanship and the possible loss of public funds associated with it. Your Committee, in this regard, strongly urges the Controlling Officer to take concrete steps to address the project monitoring challenges that the Provincial Administration is evidently facing. Your Committee further urges him to take disciplinary action against the officers who did not monitor the quality of work during construction. The Controlling Officer is further urged to ensure that the identified defects are corrected without further delay. A progress report will be awaited by your Committee.

#### **c) Delayed completion of works –Youth Training centre**

The Controlling Officer submitted that a contractor was engaged to construct a 1 x 2 bed roomed house in Masaiti at the Youth Training Centre at a contract sum of K152, 203.00. The duration of the contract was ten weeks. From the amount of K152, 203.00, the Provincial Administration paid K140,104.00 to the contractor leaving a balance of K12, 099.00. This amount had been retained at the Treasury (Ministry of Finance) until the contractor finalised the project and handed it over to the Government.

The Controlling Officer further clarified that the ceiling board, electrical installations and painting were not part of the scope of works to be undertaken

by the contractor as could be seen in the bill of quantities. He further submitted that it was agreed that the construction of the house would be done in phases. Therefore, what had been completed so far related to Phase 1.

The purpose of the phased approach was to optimise the utilisation of the received resources. The remaining works were expected to be completed using another contract when more resources were provided. However, the remaining Phase 2 works had been budgeted for in the 2017 budget.

### **Committee's Observations and Recommendations**

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

## **OFFICE OF THE PRESIDENT- CENTRAL PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 65**

DEPARTMENT : Various

UNITS : Various

PROGRAMMES : Various  
ACTIVITIES : Various

### **Accounting and Other Irregularities**

65. An examination of accounting and other records maintained at the Ministry headquarters carried out in June, 2016, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Inadequately Supported Payments - K181,129.00**

The Controlling Officer explained that at the time of audit, documentation such as receipts and local purchase orders were misfiled while other documents were not availed by the respective departments and districts for verifications. He informed your Committee that bonding forms and acceptance letters, among others, were conditions precedent to PSMD approval of study leave. The attachments in question were, therefore, available for audit verification.

Your Committee was further informed that going forward, management had since centralised the procurement process that would address the issue of unsupported payments.

#### **Committee's Observations and Recommendations**

Your Committee finds the explanation by the Controlling Officer inadequate as he should have been proactive enough to ensure that the payments in question were adequately supported. Your Committee in this regard, sternly cautions him to ensure that the Financial Regulation Nos. 45 and 65 are adhered to at all

times by the officers at the Provincial Administration in order to avoid irregular payments and possible fraudulent activities going undetected. Your Committee further urges him to institute disciplinary action against the officers who failed in their duties and avail the traced documentation to the Office of the Auditor General for verification. Your Committee will await a progress report on the matter.

**b) Misapplication of Funds - K447,705**

The Controlling Officer informed your Committee that funding for the Provincial Administration for 2015 was erratic and inadequate. This created pressure on the Provincial Administration to execute planned programmes, resulting in the need to vary funds. Your Committee was informed that these variations were applied for at different times, and by different departments. Supporting documentation showing authority from the Permanent Secretary were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer to desist from misapplying funds at the expense of budgeted activities at the Provincial Administration as doing so could result in planned activities not being implemented. Your Committee further urges him to liaise with the Secretary to the Treasury as regards the erratic funding at the institution to avoid recurrence of the query.

**c) Unauthorised Refunds - K175,818.93**

The Controlling Officer informed your Committee that it was regrettable that prior authority was not sought as this was a new practice. He, however, took note of the auditor's advice and would ensure that officers sought authority prior to using personal funds to carry out Government activities with a view to claim refunds.

### **Committee's Observations and Recommendations**

Your Committee is alarmed that the amount and transactions involved in this irregularity is significant. Your Committee observes that such significant unauthorised payments can result in the loss of public funds as officers can claim for funds on activities that may not have been undertaken. Your Committee, in this regard, strongly urges the Controlling Officer to discipline the officers who approved these payments without following procedure. Your Committee will await a progress report on the matter.

#### **d) Failure to Remit Tax to ZRA - K62, 063**

The Controlling Officer explained that this was as a result of inconsistent and inadequate funding. However, management had since paid the Zambia Revenue Authority the total amount of K62,063.

### **Committee's Observations and Recommendations**

Your Committee reminds the Controlling Officer that non adherence to the Income Tax Act by the officers at the Provincial Administration can result in the loss of Government revenue and, consequently, the Government's failure to implement developmental projects; therefore, it should not be tolerated. Your Committee, in this regard, urges the Controlling Officer to ensure that statutory contributions are made as and when they are due. Your Committee further directs him to avail the evidence of remittance to ZRA to the Office of the Auditor General for verification after which the matter should be closed.

#### **e) Irregular Payment of Study Related Allowances - K6,170.00**

The Controlling Officer informed your Committee that recoveries had been instituted from the officers' salaries.

### **Committee's Observations and Recommendations**

Your Committee observes that such omissions can result in the loss of funds through the payment of allowances based on unauthorised rates and should, therefore, not be tolerated. Your Committee in this regard, strongly recommends that the officers who authorised these payments should be disciplined and that the evidence of the recoveries made should be made available to the Office of the Auditor General for verification after which the matter should be closed.

#### **f) Unretired Accountable Imprest - K43,280.00**

The Controlling Officer informed your Committee that imprest retirement in amounts totaling K10,800.00 was available for audit verification, whilst amounts totaling K32,480.00 were being recovered through the payroll. He assured your Committee that management at the Provincial Administration Office had since written to the District Commissioner concerned, to ensure that retirements were made according to the stipulated Financial regulations.

### **Committee's Observations and Recommendations**

Your Committee considers the failure to retire imprest a serious omission as the funds may have been used for unintended purposes. Your Committee, in this regard, urges the Controlling Officer to caution the officers involved for not following Financial Regulations and ensure that Financial Regulation No. 96 (1) is strictly adhered to going forward. Your Committee further directs the Controlling Officer to ensure that imprest retirement in amounts totaling K10,800 and evidence of the recoveries in amounts totalling K32,480 are availed to the Office of the Auditor General for audit verification. Your Committee awaits a progress report on the matter.

#### **g) Irregular Payments of Imprest - K55,032**

- i)** The Controlling Officer informed your Committee that the imprest amounts in question were mainly meant for events and accommodation facilities for meetings. He explained that this happened when the Provincial Administration Office did not receive funding for the events in good time.



Therefore, this was in a bid to beat the deadline and to adhere to the instruction from the Secretary to the Cabinet to use the national colours for all national events. The result of this was that each department had to source for the materials and do the sewing. Going forward, however, the Controlling Officer informed your Committee that management would endeavour to procure the goods and services in line with the procurement procedures.

### **Committee's Observations and Recommendations**

Your Committee observes that the Controlling Officer's submission is not addressing the matter raised by the auditors. Your Committee questions what late funding at the Provincial Administration has to do with making payments for goods and services whose value can be ascertained at the time of payment. Your Committee urges the Controlling Officer to ensure that Financial Regulations and procurement guidelines are followed by all the officers at the Provincial Administration. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee will await a progress report on the matter.

#### **ii) Irregular Payment of Imprest**

The Controlling Officer further regretted that his Office did not include the exact locations where the officers were sleeping and travelling back to work. However, management had written to all the heads of Government departments requesting them to take note when calculating the cost of fuel.

### **Committee's Observations and Recommendations**

Your Committee cautions the Controlling Officer for his failure to ensure that fuel allowances were paid using the stipulated fuel formula and urges him to take disciplinary action against the erring officers for this lapse. Your Committee awaits a progress report on the matter.

#### **iii) Irregular Payment of Imprest**

The Controlling Officer informed your Committee that the said amount had been recovered and management had taken note of the highlighted issues and would be vigilant in the approval of such activities going forward.

### **Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to institute disciplinary action against the officers who authorised these payments contrary to the Cabinet Circular in question. Your Committee further directs the Controlling Officer to ensure that the evidence of the recoveries is made available to the Office of the Auditor General for verification. Your Committee awaits a progress report on the matter.

#### **h) Failure to Avail Activity Reports - K 84,332.00**

The Controlling Officer informed your Committee that the activity reports were currently available for audit verification. He further assured your Committee that management had enhanced the practice where retirements

and reports were submitted concurrently within forty eight hours after the activity had been undertaken.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to be strict with the submission of monitoring and other assignment reports as it is the only way that the Province will derive full benefits from the tours conducted by the officers. The Controlling Officer is further urged to institute disciplinary action on the officers who did not submit the activity reports in question. Your Committee, however, resolves to close the matter subject to audit verification.

#### **i) Unaccounted for Stores - K632,221.53**

The Controlling Officer informed your Committee that the receipt and disposal details for the various stores items amounting to K632,221.53 were available for audit verification. He informed your Committee that management had also cautioned departments and the District Administration to take the audit process seriously and provide answers during the time of audit. Management had further decided to build capacity for personnel involved in the centralised system of procurement and stores.

### **Committee's Observations and Recommendations**

Your Committee is of the view that with close supervision, the officers responsible for stores would have secured the stores records in question. In this regard, your Committee urges the Controlling Officer to ensure that

internal control measures are strengthened. He is further urged to ensure that the Public Stores Regulation No. 16 is adhered to by the officers at all times. Your Committee further directs the Controlling Officer to submit the receipt and disposal details for audit verification without further delay, after which the matter should be closed.

**j) Unauthorised fuel Drawings - K20,899**

The Controlling Officer explained that the average number of vehicles per department was one. Therefore, there was the inter departmental borrowing of motor vehicles which usually happened in times of emergencies such as road traffic accidents, disasters, national events and the implementation of national development programmes such as the mobile national registration.

Your Committee was informed that this was usually done through verbal notification to the Controller of Government Transport. However, the Controlling Officer assured your Committee that in future, the departmental borrowing of motor vehicles would be accompanied with written requests to the Permanent Secretary. The fuel requisitions and fully signed for drawings in the fuel ledgers were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that regardless of the situation that the Provincial Administration might be facing, procedures on fuel drawings in the Province must be adhered to as they serve the

purpose of curbing misuse, pilferage and abuse. Your Committee directs that all relevant documents be presented to the Office of the Auditor General for verification, subject to which the matter should close.

**k) Failure to Settle Outstanding Insurance Premiums - K581,109**

The Controlling Officer informed your Committee that according to records at the Provincial Administration Office, the Office did not owe ZISC the amount in question.

**Committee's Observations and Recommendations**

Your Committee requests the Controlling Officer to liaise with the Office of the Auditor General to verify his submission. Your Committee will await a progress report on the matter.

**OFFICE OF THE PRESIDENT – CENTRAL PROVINCE**

**AUDIT QUERRY**

**PARAGRAPH 66**

DEPARTMENTS : Various

UNITS : Various

PROGRAMMES : Personal Emoluments  
ACTIVITIES : Various

### **Accounting and Other Irregularities**

66. An examination of accounting and other records maintained at the Provincial Administration carried out in March, 2016, revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Unauthorised Excess Staff on the Payroll - K8,895,258**

The Controlling Officer informed your Committee that management had written to the PMEC Director to update the establishment register.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to prioritise the normalisation of the situation so that officers introduced on the payroll have their positions on the establishment register. It observes with concern that the current situation can lead to the employment of staff in unauthorised positions which can be a cost to the Government. Your Committee awaits a progress report on the matter.

#### **b) Misplacement of Payroll Area - K919,854 and K80,418**

The Controlling Officer informed Your Committee that the Office had written to PMEC to seek guidance on this matter. Regarding the position of Accountant under the Provincial Accounting Control Unit - Mkushi, the

Controlling Officer informed your Committee that management had written to the Secretary to the Treasury for guidance.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that it has taken inordinately long for the Controlling Officer to resolve this issue. It is particularly concerned that funds have been committed to paying officers that do not belong to the Provincial Administration, a situation that can be a recipe for fraudulent activities. The Controlling Officer is strongly urged to ensure that the matter is resolved without further delay. Your Committee will await a progress report on the matter.

#### **c) Starters and Leavers**

##### **i) Introduction of Officers on the Payroll without Authority - K56,570**

The Controlling Officer informed your Committee that one District Marketing Development Officer was not on the Provincial Administration payroll. Further, an Assistant Accountant was erroneously placed on the Provincial Administration Offices payroll. In view of the foregoing, management had since written to PSMD to formalise the placement of the Officer.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the casual attitude taken by the Controlling Officer in dealing with this matter. It is of the view that this can be a recipe of fraudulent activities if left unchecked. Your Committee therefore, strongly urges the Controlling Officer to ensure that the officer is placed on the appropriate payroll without further delay. Your Committee awaits a progress report on the matter.

**ii) Failure to Remove Officers from Payroll - K153,469.**

The Controlling Officer submitted that recoveries were effected against two officers while the recoveries from three other officers would be made from their terminal dues. He, however, lamented that it was unfortunate that two former District Commissioners had been paid their gratuity. However, letters of demand had since been written to them.

**Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to vigorously pursue the matter and will await a progress report.

**iii) Failure to Terminate a Convicted Officer from the Payroll - K152,772**

The Controlling Officer informed your Committee that despite several attempts to get the case record from the courts of law as authority to remove the convicted officer from the payroll, the record had not been availed to the



Provincial Administration. Therefore, in the absence of the case record highlighting the final verdict in respect of the officer, the Provincial Administration Office had no authority to remove the officer in from the payroll. The Controlling Officer had, however, continued to pursue the matter with the courts of law.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that public funds can be lost through payments made to an officer not rendering any service to the Government. Your Committee, therefore, urges the Controlling Officer not to relent, but to pursue the matter to its logical conclusion. A progress report will be awaited by your Committee.

#### **d) Questionable Basic Pay - K5,441 and K890**

The Controlling Officer informed your Committee that recoveries for the over payment and the normalisation of the under payments had been instituted.

### **Committee's Observations and Recommendations**

Your Committee observes that the lack of monitoring of the payroll on a monthly basis by the officers charged with this responsibility is costing the Government. Your Committee, therefore, urges the Controlling Officer to

institute disciplinary action against the officers who failed in their duties. Your Committee will await a progress report on the matter.

**e) Questionable Payments of Salary Arrears - K46,832**

During the period under review, amounts totaling K46, 832 were paid to two (2) officers in respect of salary arrears. However, there was no evidence to show how the arrears were accumulated to support the payment, rendering the payments questionable.

The Controlling Officer informed your Committee that the documentation to show how the arrears were accumulated were available for verification.

**Committee's Observations and Recommendations**

Your Committee closes the matter subject to audit verification of the traced supporting documentation. The Controlling Officer is, however, cautioned against the misplacement of documents and poor record keeping.

**f) Questionable Payment of Allowances**

**i) Commutated Night Duty Allowance - K10,758**

The Controlling Officer explained that these positions were programmed with such allowances on the payroll. He had however, written to the Director of PMEC to address the issue of the metrological officers. Recoveries against the Labor Officer had been effected.

### **Committee's Observations and Recommendations**

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

#### **ii) Irregular Payment Night Duty and Health Shift Allowance - K6,940 and K1,434**

The Controlling Officer informed your Committee that the officer in question was transferred from the Ministry of Health, where he was entitled to the health shift allowance. However, necessary steps had been taken and deductions had been effected.

### **Committee's Observations and Recommendations**

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

#### **g) Irregular Payment of Rural and Remote Hardship - K29,460**

The Controlling Officer submitted that rural and remote hardship allowances were configured in the system by PMEC and attached to the positions on the

payroll system. Therefore, the work stations for the officers in question were classified as rural and remote areas.

### **Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to ensure that all payroll issues related to the payment of rural hardship allowances are expeditiously resolved. A progress report on the matter is awaited by your Committee.

#### **h) Acting Allowance**

##### **i) Irregular Payment of Acting Allowances For More Than Six Months - K743,806**

The Controlling Officer informed your Committee that the authority from the Provincial Permanent Secretary for the reactivation was available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer against waiting until matters are before the Public Accounts Committee before dealing with

them. Your Committee directs the Controlling Officer to ensure that the officers are substantively confirmed and will await a progress report on the matter.

**ii) Questionable Payment of Acting Allowance to officers not in Acting Positions - K6,218**

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

**Committee's Observations and Recommendations**

Your Committee expresses concern that had the auditors not detected this anomaly, it would have continued, resulting in the loss of Government funds. Your Committee therefore, sternly cautions the Controlling Officer for this lapse. Your Committee further urges him to take concrete steps to prevent the recurrence of this irregularity, including disciplining the officers who approved the payment of these allowances. Your Committee awaits a progress report on the matter.

**iii) Over and Under Payment of Transport and Housing Allowances - K10,060**

The Controlling Officer informed your Committee that the housing and transport allowances were programmed in the PMEC system. Therefore, it

was a P MEC error that led to the wrong computations. However, management had written to the P MEC Director for necessary action.

### **Committee's Observations and Recommendations**

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

#### **i) Failure to Deduct National Pensions Scheme Authority (NAPSA) Contributions - K655,663**

The Controlling Officer explained that the officers in question attained fifty five years of age which was the mandatory age for the stoppage of pension contributions apart from two officers. He explained that one officer was affected because of an input error which was later rectified while the other officer had contributed towards the pension.

### **Committee's Observations and Recommendations**

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

#### **j) Irregular Payment of Salary Advances - K100,000**

The Controlling Officer informed your Committee that it was regrettable that this happened. However, management had endeavoured to adhere to all the laid

down procedures as far as salary and tuition advances were concerned. The recoveries had since been effected.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that this observation was not made by the Provincial Administration but the Auditor General and urges the Controlling Officer to strengthen internal controls to avert similar irregularities. Your Committee further urges the Controlling Officer to discipline the officers responsible for this irregularity. Your Committee awaits a progress report on the matter.

#### **k) Officers with Net pay less than 40% - K102,600**

The Controlling Officer explained that it was purely discretionary on compassionate grounds by the Permanent Secretary that the advances were paid to the officers in question. He, however, reported that the salary advances had been recovered. Further, management had endeavoured to adhere to all the laid down procedures as far as salary and tuition advances were concerned.

### **Committee's Observations and Recommendations**

Your Committee disagrees with the Controlling Officer's explanation and urges him to always adhere to the conditions of service in question not to exceed the

40% threshold. Your Committee requests the Auditor General's Office to verify the recoveries made, after which the matter should be closed.

**l) Non Recovery of Salary and Tuition Advances - K92,000**

The Controlling Officer informed your Committee that recoveries had been effected except for two retired officers and one deceased officer whose advances would be recovered from their terminal dues.

**Committee's Observations and Recommendations**

Your Committee is displeased with the length of time it took management to effect the recoveries and thus, urges the Controlling Officer to caution management for this lapse. The Controlling Officer is further urged to ensure that all the recoveries are effected. Your Committee awaits a progress report on the matter.

**m) Inadequately Supported Payments - K211,500**

The Controlling Officer submitted that the inadequately supported documents were currently available and ready for audit verification.

**Committee's Observations and Recommendations**

Your Committee cautions the Controlling Officer against the misplacement of supporting documents and recommends that disciplinary action be taken



against the officers responsible for this omission. Your Committee further directs that the traced documents should be availed to the Office of the Auditor General for verification, after which the matter should be closed.

## **OFFICE OF THE PRESIDENT – CENTRAL PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 67**

DEPARTMENTS :	Various
UNITS :	Various
PROGRAMMES :	General Deposit Account
ACTIVITIES :	Various

### **Accounting and Other irregularities**

67. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in April, 2016, revealed the following irregularities, to which the Controlling Officer responded as set out below

#### **a) Construction of Chiefs' Palaces**

- i) Wasteful Expenditure - Construction of Chieftness Serenje's Palace - K32,215**

The Controlling Officer informed your Committee that the supplier was not paid for the rejected blocks worth K31,945.00. He, however, regretted that 379 bags of cement procured for Serenje had caked due to poor storage facilities at the chief's palace. He informed your Committee that according to the guidelines on the construction of chiefs' palaces section 11.0 (2) "the Chief's representative and chieftom Committee shall provide adequate and secure storage facilities for the building materials".

The Controlling Officer further submitted that management had requested for authority to award a full contract because the community was not willing to contribute upfront materials up to 25%. In this regard, this project was different from other projects such as the construction of schools and hospitals where the community derived direct benefits.

### **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the project is completed without further delay and will await a progress report.

#### **ii) Construction of Chief Mukuni's Palace – Kapiri Mposhi - K32,215**

The Controlling Officer informed your Committee that the supplier was not paid for the rejected blocks. He, however, regretted that 379 bags of

cement procured for Chief Mukuni's palace caked due to poor storage facilities at the chief's palace. He informed your Committee that according to the guidelines on the construction of chiefs' palaces section 11.0 (2) "the Chief's representative and chieftom Committee shall provide adequate and secure storage facilities for the building materials".

The Controlling Officer further submitted that management had requested for authority to award a full contract because the community was not willing to contribute upfront materials up to 25%. This project in this regard, was different from other projects such as the construction of schools and hospitals where the community derived direct benefits.

### **Committee's Observations and Recommendations**

Your Committee requests an update on the current status of the project.

#### **b) None completion of Access Road – Katanino Resettlement Scheme - K35,192**

The Controlling Officer informed your Committee that the Zambia National Service (ZNS) under-estimated the nature of works, which resulted in the under-quoting of the works at a total of K35, 192. However, management had engaged ZNS to submit a fresh bill of quantity for the remaining works.

### **Committee's Observations and Recommendations**

Your Committee directs the Controlling Officer to ensure that the access road is completed without further delay. Your Committee will await a progress report on the matter

## **OFFICE OF THE PRESIDENT – CENTRAL PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 68**

DEPARTMENTS : Rural Roads Unit  
UNITS : Various  
PROGRAMMES : Infrastructure Developmnt  
ACTIVITIES : Various

### **Accounting and Other Irregularities**

68. An examination of accounting and other records maintained at the Provincial Administration and physical inspection of selected projects and equipment carried out in March, 2016, revealed the following irregularities to which the Controlling Officer responded as set out below.

#### **a) Procurement of Equipment**

##### **i) Failure to follow Procurement Procedure**

The Controlling Officer informed your Committee that the procurement plan and the Procurement and Evaluation Committees' letters of appointment were currently available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the supporting documents were prepared in retrospect, clearly showing that the concerned officers were not adhering to procurement procedures. Your Committee, in this regard, urges the Controlling Officer to ensure that disciplinary action is taken against erring officers for this lapse. Your Committee will await a progress report on the matter.

#### **ii) Questionable Award of Contract**

The Controlling Officer informed your Committee that the matter was recommended for closure.

### **Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

#### **iii) Defective Roller Vibrators**

The Controlling Officer informed Your Committee that the matter was recommended for closure.

## **Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

### **b) Unaccounted for Spare Parts for Specialised Equipment - K141,300**

The Controlling Officer informed your Committee that the disposal details for the highlighted spare parts were currently available for audit verification.

## **Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to maintain stores details as required by the Financial Regulations. The Controlling Officer is further urged to ensure that the traced details are availed to the Office of the Auditor General for verification. Your Committee will await a progress report on the matter.

### **c) Irregular Payments of Allowances - K168,414**

- i) The Controlling Officer explained that out of the K168,414.00, K85,519.60 was meant for contingency and K10 000.00 for the casual workers' wages. However, following the reduction in pump prices, there was a saving on fuel for the Chitina – Chisanga road project and this prompted extra works. Authority was then sought to vary K10,000.00 to these extra works.

The Controlling Officer further explained that there were two other road projects which were running concurrently, namely; the Chitambo Hospital and Shampane-liteta roads. These required funds to complete and variation authority was also sought to use the K85,519.60 contingency to complete the two projects. Your Committee was further informed that management resolved to effect recoveries from the retired and deceased officers from their terminal dues. Documentation was made available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee resolves not to close the matter until the money is recovered from the concerned officers in full. Your Committee will, therefore, await a progress report on the matter.

- ii) During the period May and December 2014, amounts totaling K35,300 were paid as subsistence allowances to officers for the Kankoso Primary School road project. It was, however, observed that the officers did not actually travel to undertake the activity.

The Controlling Officer confirmed that the officers had travelled and executed the works and the report was available for verification.

### **Committee's Observations and Recommendations**

Your Committee is not happy that this matter was not addressed during the audit process and urges the Office of the Auditor General to verify what has

been submitted by the Controlling Officer and will await a progress report on the matter.

- iii) On 30<sup>th</sup> December 2013, amounts totalling K194, 20 were paid out as subsistence allowances to officers to undertake the maintenance of equipment in Serenje, Kapiri Mposhi and Ngabwe districts. However, the activity was not undertaken and the allowances were not reimbursed.

The Controlling Officer informed your Committee that the initial programme was meant for road works in Serenje, Kapiri Mposhi and Ngabwe Districts. However, after completion of the Ngabwe road project, the Deputy Secretary to Cabinet visited the area. Following discussions with the Provincial Permanent Secretary, it was agreed that extra works be executed in Ngabwe in order to connect Ngabwe Pontoon and link it to the Luanshya Road. In this regard, all maintenance works that were scheduled for Kapiri Mposhi and Serenje were varied to Ngabwe. However, the work plan for the following year for Serenje and Kapiri Mposhi were covered to make up for the variation.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that this matter was not addressed during the audit process and urges the Office of the Auditor General to verify the submission by the Controlling Officer and will await a progress report on the matter.

- d) **Construction of Mukobeko Office Block - K301,999 and K3,538**



The Controlling Officer submitted that it was regrettable that the project was not completed. Whereas the full payment for labour was made, there were still other materials required to fully execute the works such as 6” blocks, 8” blocks, timber and the construction of a ring beam. As a result, authority was sought to vary the labour funds. The rationale was to pay for the molding of blocks to facilitate the completion of block work up to roof level. This did not cover the main beam at the verandah as this required materials to be purchased. The works that were executed using the varied funds included block molding, block works, ring beam construction and part installation of trusses and the roof.

### **Committee’s Observations and Recommendations**

Your Committee does not accept the reason given by the Controlling Officer as the financial regulations are clear that accountable imprest obtained by any officer should be retired within 48 hours. Your Committee also observes with concern the non availability of bills of quantity and the building plan which are key documents for ascertaining the cost of the project. Your Committee further observes that the Provincial Administration incurred wasteful expenditure due to stalling works. Your Committee in this regard, strongly recommends the following:

- the Officer must be charged for failure to adhere to the financial regulations; and
- the Controlling Officer must ensure that works are completed within the contract period in order to avoid wasteful expenditure.

**e) Lack of Proper Asset Handover to Zambia National Service**

The Controlling Officer informed your Committee that this was a Presidential directive and the Zambia Nation Service took possession of all the RRU Assets countrywide. However, the retrospective handover notes were made available for audit verification.

**Committee's Observations and Recommendations**

Your Committee does not accept the Controlling Officer's response. It expresses grave concern that the Controlling Officer elected to surrender equipment worth colossal sums of money without handover notes indicating the type, state and value of the assets and only obtained the handover notes in retrospect after being queried by the auditors. Your Committee sternly cautions the Controlling Officer against failing in his duties as managing his office with such impunity can result in the risk of assets being lost or stolen without trace thereby, being a huge cost to the Government. Your Committee further directs him to avail the traced handover notes to the Office of the Auditor General for verification. Your Committee will await a progress report on the matter.

**NORTHERN PROVINCE**

**AUDIT QUERY**

**PARAGRAPH 69**

PROGRAMME : General Administration

ACTIVITIES : Various

### **Accounting and other Irregularities**

69. An examination of accounting and other records maintained at the Provincial Administration and selected District Administration offices carried out in March revealed various weaknesses to which the Controlling Officer responded as set out below.

#### **a) Failure to Correct Errors on the Bank Statements – K35,862**

The Controlling Officer submitted that amounts totaling K35,862.00 were erroneously debited from the Recurrent Departmental Charges Account held at ZANACO, Kasama Branch. The Bank Reconciliation Statement revealed this anomaly and the bank was informed by the Provincial Administration.

It, however, took some time for the bank to reverse the postings. Nevertheless, the postings had since been reversed and the copies of the bank statements were available for verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the error on the bank statement was not corrected for a long time. This shows that the Controlling Officer is not

closely supervising officers responsible for these matters. This action is also at variance with the Ministry of Finance Circular No. 1 of 2015, part 8.28. Your Committee urges the Controlling Officer to ensure that bank reconciliations are carried out on a regular basis in order to deal with such errors timely. Your Committee resolves to close the matter subject to audit verification.

**b) Missing Payment Vouchers – K39,166**

The Controlling Officer submitted that that five payment vouchers in amounts totaling K39,166.00 made during the period under review were not availed for audit as of September, 2016.

The payment vouchers in question were misplaced in wrong files at the time of audit. However, they had since been retrieved and were available for verification. A warning was given to the erring officer who misfiled the documents.

**Committee's Observations and Recommendations**

Your Committee expresses concern over the poor maintenance of accounting documents by the Provincial Administration, resulting in the non-availability of the documents during the audit process. This point to the fact that there is weak supervision of accounting staff. Your Committee urges the Controlling Officer to ensure that the accounting staff are closely supervised and disciplinary action taken against the erring officers to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**c) Unretired Accountable Imprest – K95,268.86**

The Controlling Officer submitted that out of the reported twenty five transactions, a total of four transactions amounting to K15,437.40 had since been recovered from the affected officers while twenty one transactions amounting to K79,832.46 had been retrieved and were available for verifications.

**Committee’s Observations and Recommendations**

Your Committee is disappointed that officers at the Provincial Administration continue to conduct themselves in total disregard of laid down financial regulations and with impunity. Your Committee feels that this is because the management at the province has not been undertaking a close supervision over the officers. It is worth noting that whereas the retirement documents have purportedly been traced, no disciplinary action has been taken against the erring officers. Therefore, there is not likely to be any improvement in the conduct of the officers. In this vein, your Committee urges the Controlling Officer to institute disciplinary action against the erring officers. In addition, the Controlling Officer must ensure that Financial Regulation No 96 (1) is adhered to forthwith. Your Committee resolves to await a progress report on the matter.

**d) Failure To Insure Assets –K32,017.98**

The Controlling Officer submitted that this was due to poor funding during the period under review. However, the motor bikes had since been insured and records were available for verification.

As for computers and printers, the Provincial Administration did not have a provision for Insurance for the period under review. However, management had taken note of the auditor's observations and would endeavor to have them insured in future.

### **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to ensure that the remaining assets are insured without any further delay.

#### **e) Failure to Report Accident – GRZ 883 CH**

The Controlling Officer submitted that the accident had since been reported to the Standing Accidents Board. The driver had been charged the applicable cost of K20,000.00 for the damage to the bus.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that action was only taken after the auditors' findings. The lack of action by management explains why there is a lot of indiscipline by officers. Your Committee urges the Controlling Officer to ensure that such administrative issues are dealt with timely in order to

avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

## **NORTHERN PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 70**

PROGRAMME : Personal Emoluments

ACTIVITIES : Various

### **Accounting and other Irregularities**

70. An examination of accounting and other records maintained at the Provincial Administration carried out in April and May, 2016 revealed several weaknesses, to which the Controlling Officer responded as set out below.

#### **a) Irregular Payment of Salaries - K1,887,930**

The Controlling Officer submitted that out of the thirty six employees cited in the report, eleven officers were identified and supported by the establishment while the other twenty five were under the Ministry of Home Affairs – Department of National Registration.

The Provincial Administration wrote to the Public Service Management Division (PSMD) seeking clarification on how the officers were placed on the payroll without support by the Establishment Register. However, no response had been received from PSMD and a follow - up had been made. A

copy of the letter was available for ease of reference. The officers had since been put on the Register.

### **Committee's Observations and Recommendations**

Your Committee finds the explanation unacceptable because action was only taken after the audit process. This shows the laxity with which the Provincial Administration was handling the payroll, which has potential to lead the loss of public funds through ghost workers on the payroll. Your Committee urges the Controlling Officer to ensure that the matter is normalised with PSMD without any further delay. Your Committee resolves to await a progress report on the matter.

#### **b) Misplacement of Payroll Area- K 430,416**

The Controlling Officer submitted that the eight officers cited in the audit report existed on the Provincial Administration payroll during the period under review. This was due to non availability of post IDs at the stations where they were posted to at that time. However, all the officers had now been transferred to their respective payrolls. This could be verified on the Staff Assignment.

### **Committee's Observations and Recommendations**

Your Committee contends that had this information been availed to the auditors at audit stage, the matter would have been resolved promptly. Regrettably, the non availability of the facts during the audit process resulted



in the query. Further, this query clearly shows that the management of accounting documents at the province is very poor. Your Committee urges the Controlling Officer to ensure that the management of accounting documents is enhanced in order to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**c) Irregular Payment of Rural and Remote Hardship Allowances- K 195,315**

The Controlling Officer submitted that Payment of Rural and Remote Hardship Allowances to the eleven officers cited in the Audit Report had since been stopped. Furthermore, recoveries had since been effected from salaries of the affected officers and payslips were available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern over the delay by the Controlling Officer in addressing recommendations made by your Committee. It is shocking that despite your previous Committee urging the Controlling Officer to address the matter, action was only taken long after this recommendation, while the officers continued getting the erroneous allowances. Your Committee strongly cautions the Controlling Officer to take its recommendations seriously, failure to which your Committee may recommend that the Controlling Officer himself be subjected to disciplinary measures. Your Committee resolves to await a progress report on the full recovery of the funds.

**d) Failure to Recover Tuition and Salary Advances- K63,247**

The Controlling Officer submitted that recoveries of tuition and salary advances had since been effected from the salaries of all the twelve officers cited in the report. Pay slips were available for verification.

**Committee's Observations and Recommendations**

While noting that the recoveries have been instituted, your Committee expresses concern that the action was only taken after the audit findings. This shows the *laissez-faire* attitude by management in recovering these funds. Your Committee urges the Controlling Officer to ensure that recoveries are instituted in time in order to avoid recurrence of the query. Your Committee resolves to await a progress report on the full recovery of the funds.

**e) Issuance of Concurrent Salary Advances – K145,060**

The Controlling Officer submitted that sixteen officers were paid salary advances concurrently, contrary to the terms and conditions of service.

It was, however, explained that that the officers who were approving such advances were charged and severely warned as per the submission to your Committee on the Report of the Auditor General on the Accounts of the Republic for the Financial year ended 31<sup>st</sup> December, 2014 and this practice had since stopped.

## **Committee's Observations and Recommendations**

Your Committee notes the action taken by the Controlling Officer and urges him to refer the matter to the Provincial Disciplinary Committee so that appropriate action is taken against the erring officers. Your Committee resolves to await a progress report on the matter.

### **NORTHERN PROVINCE**

#### **AUDIT QUERY**

#### **PARAGRAPH 71**

PROGRAMME : General Deposit Account

ACTIVITIES : Various

#### **Accounting and other Irregularities**

71. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in April and May, 2016 revealed various weaknesses to which the Controlling Officer responded as set out below.

##### **a) Failure to Correct Errors on Bank Statements – K12,972**

The Controlling Officer submitted that cheque number 003312 for the amount of K3,500.00 which was cited as a wrong debit by the auditors was not a wrong debit at all. This cheque was issued by the Provincial Administration on 2<sup>nd</sup> October, 2015. The image copy of the cheque was available for verification.

However, it was true that two cheques in amounts totaling K9,472.00 were incorrectly posted on the bank statements by the bank. Upon noticing the wrong postings, the office requested the bank to reverse the transactions. The query arose because despite informing the bank about the errors, the reversals were not done in time. However, the reversals had since been made and records were available for verification.

The receipt and disposal details worth K129,096.00 queried in the report were with user departments during the time of audit. They had since been retrieved from the user departments and were ready for verification. User departments were instructed in the management meeting to ensure that all documents were submitted for audit in time.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the error on the bank statement was not corrected as at the audit stage. This shows that the Controlling Officer is not meticulous in dealing with matters that are clearly under his charge. This action is also at variance with the Ministry of Finance Circular No. 1 of 2015, part 8.28. Your Committee urges the Controlling Officer to ensure that bank reconciliations are done on a regular basis in order to deal with such errors timely. Your Committee resolves to close the matter subject to audit verification.

**b) Unaccounted for Fuel - K129,096**

The Controlling Officer submitted that the receipt and disposal details worth K129,096.00 were with other user departments during the audit stage. The documents were ready for audit verification. User departments were instructed to ensure that documents were submitted during audit stage.

**Committee's Observations and Recommendations**

Your Committee finds the justification for not availing the documents during audit process unacceptable. It is inconceivable that the documents which were not availed to the auditors when the said documents were purportedly with other user departments domiciled within the same provincial Office. Your Committee urges the Controlling Officer to desist from this practice, failure to which your Committee may recommend that disciplinary action be taken against the Controlling Officer himself. Your Committee resolves to close the matter subject to audit verification.

## **NORTHERN PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 72**

PROGRAMME : Poverty Reduction Programmes - PRP

ACTIVITIES : Various

### **Accounting and other Irregularities**

72. An examination of accounting and other records maintained at the Provincial Administration carried out in April and May, 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### **a) Misapplication of Funds – Construction of Mbala Youth Skills Training Centre – K26,097**

The Controlling Officer submitted that works on the Training Centre in question had since commenced after the contract was awarded to a contractor. The scope of works stated in the BOQ included fabrication of steel trusses, concrete works and fixing of bolts and nuts. The contractor had fixed trusses, bolts and nuts. Concrete works had been completed.

Fabrication and mounting of fourteen roof steel trusses had been done and the remaining works were fabrication, fixing and mounting of five steel trusses. The completion of the project on time had been difficult due to the lack of power on site. Previously, the contractor was using a generator set which was out of service. However, efforts were underway by the contractor to bring power through ZESCO on site. The works were 70% done.

However, the project was behind schedule and the contractor had been given a last chance following his application for an extension of the working period in which to complete the remaining works up to 30<sup>th</sup> November, 2016. It was true that K26, 097.00 had been applied on unrelated activities. This amount had since been reimbursed. The officer who sanctioned the expenditure had been severely warned against this practice.

### **Committee's Observations and Recommendations**

Your Committee is dismayed that funds meant for Mbala Youth Skills Training Centre was used for unrelated activities. This action is not only at variance with the provisions of the *Appropriation Act of 2014* but also Financial Regulation No. 31 (1). The action clearly shows lack of prioritization by the Controlling Officer of Youth Skills Training Centre which was meant to benefit youths in the province. Your Committee urges the Controlling Officer to ensure that documents relating to the reimbursement are presented for audit verification. Your Committee is further concerned that construction of Mbala Youth Skills Training Centre has not been completed. Your Committee resolves to await a progress report on the completion of the construction works.

#### **b) Failure to Insure Building – Mwela Rocks Cultural Village- K293,403**

The Controlling Officer submitted that the project was initiated by the Ministry of Tourism and Arts. It was, therefore, expected that the Ministry would also provide funds for insurance, which was not done. The Provincial Administration – Northern Province had since written to the Ministry of Tourism and Arts raising the concerns of the auditors and a response was being awaited. The letter was available for ease of reference.

### **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to follow up the matter with the Ministry of Tourism and Arts so that the matter can be concluded. Your Committee is alive to the fact that whereas the building is owed by the Ministry of Tourism and Arts, the Provincial Administration, being the supervising Government department, must ensure that all properties under its charge are insured to avoid recurrence of the loss. Your Committee resolves to await a progress report on the matter.

#### **c) Construction of Mpulungu Youth Skills Training Workshop Block – Mpulungu District – K37,000**

The Controlling Officer submitted that based on the disbursement of funds which was in phases, the contract was done in two phases. The contractor completed the first phase (i.e up to wall plate level) and was paid the full amount of K35,000.00 for the first phase.

On 12<sup>th</sup> May, 2015 the contractor was offered another contract for completion of the Youth Skills Training Workshop within the second phase at a total sum



of K38,298.60. However, the contractor had delayed in the completion of the works in that he had not been available on site. Despite sending him two warning letters to speed up the works, the contractor did not respond. This prompted the District Tender Committee to terminate the contract based on the bidder not being available on site for more than 28 days as stated in General Condition Number 7, Clause 7.5.2.

After termination, the contractor was given fourteen days to hand over materials and vacate the site. A fresh advertisement had been placed to identify another bidder for the remaining works.

### **Committee's Observations and Recommendations**

Your Committee notes the action by the Provincial Administration and urges the Controlling Officer to ensure that the contractor is blacklisted from taking part in any Government tenders following his conduct. Your Committee resolves to await a progress report on the re-tendering and completion of the outstanding works.

#### **d) Failure to Reimburse Borrowed Funds – 540,497**

The Controlling Officer submitted that the borrowings were made in order to carry out urgent assignments for the Province. However, K442,450.00 had since been reimbursed. The Provincial Administration was still awaiting a refund of K98, 047.00 from Cabinet Office which was borrowed to facilitate logistics for VIP visits to Northern Province.

## **Committee's Observations and Recommendations**

Your Committee notes that the funds were borrowed to facilitate the Presidential visit. However, this does not mean that laid down guidelines have to be flouted. The Controlling Officer is urged to ensure that the funds are reimbursed in full before the end of the 2017 financial year and sternly warns him to desist from this conduct forthwith. Your Committee resolves to await a progress report on the full reimbursement of the funds.

### **WESTERN PROVINCE**

#### **AUDIT QUERY**

#### **PARAGRAPH 73**

UNIT : Various  
PROGRAMME : General Administration  
ACTIVITIES : Various

#### **Accounting and other Irregularities**

73. An examination of accounting and other records maintained at Provincial and District Administration carried out from January to February, 2016, revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### **a) Unsupported Payment Vouchers – K7,740**

The Controlling Officer submitted that payment vouchers amounting to K7,740 had since been supported and were available for verification.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that supporting documents were not attached to payment vouchers. It is further shocking that payments were approved without supporting documentation. It is evident that there is poor record keeping at the Provincial Administration, resulting in unsupported payments. Your Committee urges the Controlling Officer to ensure that the management of accounting documents is enhanced to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

#### **b) Management of Imprest**

##### **i) Unretired imprest – K107,501**

The Controlling Officer submitted that imprest in amounts totalling to K85,365 had since been retired and the journal vouchers were available for audit verification. The necessary arrangements had been made for the balance in amounts totalling K22,136 had been in-put for recovery from the salaries of the concerned officers.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that despite one year lapsing without the imprest being retired, only amounts totaling K85,365 have been retired leaving a balance of K22,136. It is evident from the conduct of the officers that there is weak supervision of accounting staff at the Provincial Administration, resulting in them flouting clearly stated laid down financial regulations with impunity. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. In addition, the remaining balance must be paid in full without any further delay. Your Committee resolves to await a progress report on matter.

**ii) Over Payment of Fuel Imprest – K34,990**

The Controlling Officer submitted that out of the fuel totalling of K7,508 which was over claimed by officers, K3,018 had since been paid on GR5558656 and 5558657, leaving a balance of K4,490 which would be recovered through the payroll. On the over payment for fuel costing K1,739 in respect of fuel, the Controlling Officer submitted that the over-paid fuel had since been recovered from the driver through the payroll. With regard to the six officers paid K1,627 for unspecified distances, Your Committee heard that out of K1,627 cited to have been paid without specified distances, K1,047 had since been recovered from officers on General Receipt No. 5558662, 5558659, 5558658, 5558661 and 5558660. Necessary arrangements had been made to recover the balance from the salary of the officer concerned.

**Committee’s Observations and Recommendations**

Your Committee expresses concern over the management of fuel by the Provincial Administration. Your Committee finds it unacceptable that only recoveries had been instituted without any disciplinary action against the officer for this conduct. Your Committee firmly believes that failure to institute disciplinary action has contributed to the perpetual misconduct of officer with impunity. Your Committee urges the Controlling Officer to urgently improve management of fuel to recurrence of the query. In addition, disciplinary measures should be taken against the erring officers for their conduct to serve as a deterrent. Your Committee resolves to await a progress report on the matter.

**iii) Over Payment of Subsistence Allowance – K28,766**

The controlling Officer submitted that the officers had been engaged for immediate recovery of the amounts and an in-put had since been made for facilitation.

**Committee's Observations and Recommendations**

Your Committee expresses concern on the over payment of subsistence allowance arising from weak supervision of accounting staff. Additionally, no disciplinary action has been taken against the erring officers save for the deductions, a state of affairs which in the view of your Committee has contributes to the numerous queries in the Province. Your Committee therefore urges the Controlling Officer is urged to ensure that the funds are recovered without any further delay as well as

take disciplinary action against the erring officers. Your Committee resolves to await a progress report on the full recovery of the funds.

**iv) Questionable Retirement of Imprest – K78,554**

The Controlling Officer submitted that the conference package included a pen and a note pad for the 224 participants. However, the stationery that included toner cartridges, transparent covers, manila, reams of paper and a box of pens was additional stationery and mostly meant for use by the secretariat during and after the conference for the production of reports. It was regretted that stationery was not on the initial budget for PDCC.

**Committee's Observations and Recommendations**

Your Committee finds no merit in the justification by the Controlling Officer for this anomaly of questionable imprest. It is the considered view of your Committee that these funds were misused as the purported stationary procured was not part of the approved budget. The Controlling Officer is urged to ensure that the funds amounting to K67,150 are recovered from the imprest holders without any further delay. Your Committee further directs that henceforth, budgets for such meetings must detail all components to avoid the recurrence of the query. Your Committee resolves to await a progress report on the full recovery of the funds.

**v) Use of Accountable Imprest to procure Goods and Services - K106,208**

The Controlling Officer submitted that management had taken steps to ensure that this does not recur by centralised buying through the Procurement and Supplies Unit.

### **Committee's Observations and Recommendations**

Your Committee is dismayed with the perpetual abuse of Accountable Imprest at the Provincial Administration. It is evident that there is weak supervision of accounting staff by relevant supervisors. It is unacceptable that amounts totaling K106,208 were issued by thirty-three officers to procure various goods and services whose values were obtained on the market at the time. Your Committee sternly warns the Controlling Officer against Accountable Imprest for purchasing goods and services whose value is obtainable at the market but endeavour to make direct payments to suppliers in line with Financial Regulation No. 86(c) so as to avoid the recurrence of the query. Additionally, disciplinary action should be taken against erring officer and recoveries must be instituted. Your Committee resolves to await a progress report on the matter.

#### **c) Irregular Payments**

**i) Payments of Subsistence Allowance – Limulunga District Administration – K2,840**

The Controlling Officer submitted that the amount of K2,840 had been recovered from the monthly salaries of the officers concerned.

**Committee’s Observations and Recommendations**

Your Committee expresses regret that whereas the recoveries have been instituted, no disciplinary action has been taken against the erring officer. Your Committee reiterates the recovery does not constitute disciplinary action and failure to take disciplinary action by the Controlling Officer has contributed to the perpetual misconduct of officer. Your Committee urges the Controlling Officer to scale up the supervision of staff to avoid recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**ii) Payment for Meal Allowance at Duty Station – K1,350**

The Controlling Officer submitted that the officer had been engaged for immediate recovery of the amounts and an in-put had been made for facilitation.

**Committee’s Observations and Recommendations**



Your Committee is shocked with the *laissez-faire* attitude exhibited by the Provincial Administration in instituting disciplinary action on straight-forward issues such as this. It is inconceivable that payments were approved when the work was being done within the normal duty station. This shows the extent to which supervision has degenerated at the Provincial Administration. Your Committee reiterates that the recoveries do not constitute disciplinary action, and should not be considered so. Your Committee regrettably notes that lack of disciplinary action contributed to perpetual misconduct by the officer. Your Committee urges the Controlling Officer to scale up the supervision of accounting staff in order for all approved payments to be in line with the Terms and conditions of Service for the Public Service No. 167 (f). Further, disciplinary action should be instituted against the erring officers. In this case your Committee resolves to await a progress report on the matter.

**iii) Refund for Training Expenses Without Authority- K5,600**

The controlling Officer submitted that the District Works Supervisor, was on a training plan with authority from PSMD. The claim of K5,600 was, therefore, appropriate. The conveyance letter from the Permanent Secretary relating to authority from the PSMD was available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the conveyance letter from PSMD authorising the study leave was not availed to the auditors during the audit process. This validates your Committee's observation over the years that there is weak supervision and poor record keeping at the Provincial Administration. Your Committee therefore, urges the Controlling Officer to scale up the supervision of accounting staff and enhance the management of accounting documents in order to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**d) Payment of Over Time Allowances Outside Payroll – K22,306**

The controlling Officer submitted that the overtime claims which were authorised by the Permanent Secretary were effected outside the payroll because the PEMC system was failing to accept the payment of overtime claims at that time. The Ministry had since computed the PAYE that was supposed to be paid by the officers and recoveries had been effected through the payroll.

**Committee's Observations and Recommendations**

Your Committee finds the justification by the Controlling Officer on the inability to input PAYE when processing over time allowances unacceptable. It is worth noting that effort has been made by the Provincial Administration to follow up with the Ministry of Finance on the purported system failure. Your Committee urges the Controlling Officer to ensure that future payments are done through the payroll in line with Cabinet Circular No. 11

of 2013. Your Committee resolves to close the matter subject to audit verification.

**e) Questionable Payments**

**i) Purchase of Meals for Registry Officers at PSMD**

The Controlling Officer submitted that the amount of K1,080 had been recovered through the payroll from the concerned officer. The officer's payslip was available for verification.

**Committee's Observations and Recommendations**

While noting the action by the Provincial Administration, your Committee expresses regret that the matter was only addressed after the revelation by the auditors. Further, whereas the recoveries have been instituted, no disciplinary action has been taken against the erring officer. Your Committee firmly believes that lack of disciplinary action by the Controlling Officer has contributed to the perpetual misconduct of officers. Your Committee urges the Controlling Officer to scale up the supervision of staff and take appropriate disciplinary action to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**ii) Payment of Refund – Mongu DC – K2,685**

The Controlling Officer submitted that it was regrettable that authority to use personal money, invoices and receipts were not availed during audit. The documents were currently available for verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that whereas the documents have been purportedly traced, the documents were not availed to the auditors during the audit process. This points to the fact that there is poor management of records at the Provincial Administration. The Controlling Officer is urged to scale up the supervision of staff as well as improve record keeping. Your Committee resolves to close the matter subject to audit verification.

### **iii) Payment of Refund – Nalolo District Administration – K3,580**

The Controlling Officer submitted that the questionable claim of K3,580 was recovered as K3,658 at once in the month of September 2016. The payslip was available for verification.

### **Committee's Observations and Recommendations**

Your Committee notes the action and urges the Controlling Officer to enhance the supervision of accounting staff in order to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**f) Irregular Payment of Water Bills – K27,955**

The Controlling Officer submitted that the water accounts for the Minister and Districts Commissioner’s residences were wrongly charged. However, during the period in question the Minister and District Commissioner’s residences were only being managed by caretakers who were safeguarding the places.

**Committee’s Observations and Recommendations**

Your Committee expresses concern with the irregular payment of water bills amounting to K27,955. It is evident from this anomaly that accounting staff who processed the payment did not thoroughly check the bills before doing so. Your Committee also finds the justification that the purported arrears were accumulated by the caretakers unacceptable given the huge amounts involved. Your Committee urges the Controlling Officer is urged follow up on the matter and ensure that the matter is normalised and the funds reimbursed without any further delay. Your Committee resolves to await a progress report on the matter.

**g) Unaccounted for Stores – K162,280**

The Controlling Officer submitted that stores items amounting to K374,490 had been accounted for and were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee finds it ironic that receipt and disposal details which were not available at audit stage were traced immediately after the audit process. It is abundantly clear that there is poor record keeping, particularly with regard to stores documents, at the Provincial Administration. Your Committee urges the Controlling Officer to enhance the management of stores documents in line with Public Stores Regulation No. 16. Your Committee resolves to close the matter subject to audit verification.

**h) Management of Guest Houses**

**i) Failure to collect revenue from Government Officers – Senanga Guest House K56,600**

The Controlling Officer submitted that the Ministry had put in place measures to collect the funds that were owed to the Government Rest Houses by writing letters to the officers concerned.

**Committee's Observations and Recommendations**

Your Committee is disappointed with the laxity exhibited by the Provincial Administration in collecting the outstanding balance of K56,600. It is disheartening that no disciplinary action has been instituted against the erring officers whose conduct is clearly at variance with provisions of Financial Regulation No. 10(c). Your Committee strongly urges the Controlling Officer to ensure that the funds are recovered from the officers without any further delay. Further, disciplinary action should be taken against the erring officers for this

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

**ii) Unaccounted for Revenue-Senanga Guest House**

The Controlling Officer submitted that the amounts unaccounted for totaling K1,745.00, had since been recovered from the terminal benefits of the retired caretaker.

**Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to enhance supervision of the Guest House in order to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**iii) Delayed Banking – Senanga Guest House - K46,770**

The Controlling Officer submitted that going forward, management had strengthened monitoring and supervision through the District Administration so that revenue collected was banked timely. It was noted that during the period under review, the operations of the guest house were entirely manned by classified employees who were not aware of the regulations. As a remedial measure, an accountant had been engaged to supervise the collection and accounting for revenue.

**Committee's Observations and Recommendations**

Your Committee expresses concern that whereas the Provincial Administration has devised modalities in dealing with the challenge of collecting revenue, this does not address the matter at hand. Your Committee is aware that Senanga District has a number of financial institutions, thereby making the delay in banking the revenue unacceptable. It is the considered view of your Committee that this is a possible case of teaming and lading and must be thoroughly investigated. Your Committee strongly urges the Controlling Officer to ensure that banking of public funds is done timely in line with Financial Regulation No. 121 (1). Further disciplinary action should be taken against the erring officers. Your Committee resolves to await a progress report on the matter.

## **WESTERN PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 74**

UNIT : Headquarters  
PROGRAMME : Personal Emoluments  
ACTIVITIES : Various

### **Accounting and other Irregularities**

74. An examination of accounting and other records maintained at Provincial Administration carried out in February, 2016, revealed the following weaknesses to which the Controlling Officer responded as set out below.

#### **a) Delays in removing Deceased Officer from Payroll**



**i) Separated Officers – K180,308**

The Controlling Officer informed your Committee that Mr Simakumba was dismissed with effect from 13<sup>th</sup> September, 2013 through the Ministry of Lands, Natural Resources and Environmental Protection Headquarters which was his parent Ministry. However, the information of his dismissal was not communicated to the office until after investigations were made on the whereabouts of the officer.

His terminal leave benefits had since been computed and the amount overpaid had been inputted against his leave days.

On the officer who was in a contractual employment, his contract terminated by the Public Service Commission on 13<sup>th</sup> November, 2013. The letter of his dismissal was received by my Ministry in December, 2013, and the in-put to terminate him from the payroll was processed in January, 2014. Because of delay the office continued to pay him his monthly salary for three months after which he was terminated from the payroll. The amount was forwarded for recovery from the terminal benefits of the former District Commissioner through the causality clearance certificate which was submitted to Ministry of Finance.

With regard to the former District Labour Officer for Mwandia, who resigned from her position in February, 2014 although her letter of resignation dated 1<sup>st</sup> April, 2014 was only received by the Controlling Officer's office on 8<sup>th</sup> April, 2014 and termination from the payroll was effected on 31<sup>st</sup> May, 2014. A letter had since been written to the officer

concerned to ensure that she pays back the money paid to her for the months of February to May, 2014.

On the employee under the Department of National Registration and Passports, the Controlling Officer stated that the department informed the Controlling Officer of his demise a day after it occurred. It was regretted that officers under Human Resource Department could not proceed with the termination of the officer from the payroll, hence the late officer being paid salaries for a period of nine months. The amount was scheduled for recovery from his terminal benefits. Further, the Ministry had warned the officers involved in this delay.

### **Committee's Observations and Recommendations**

Your Committee is disappointed over the inordinate delay in addressing the matter. It is evident from the Controlling Officer's submission that there are weak internal monitoring mechanisms at the Provincial Administration for follow up with PSMD, hence action was only taken after the audit findings. Your Committee strongly urges the Controlling Officer to scale up mechanisms of routine follow-ups with PSMD in order to avoid recurrence of the query. Your Committee resolves to await a progress report on the full recovery of the funds.

#### **ii) Failure to Delete Transferred Officers from Payroll**

The Controlling Officer submitted that transfers between payrolls were prerogative of Public Service Management Division (PSMD), to that effect a letter had be written to their respective new station for the Human Resource to facilitate their movement from our payroll.

### **Committee’s Observations and Recommendations**

Your Committee expresses regret that whereas the effecting of transfers on payroll is the prerogative of PMSD, the Provincial Administration should have made follow-ups in order for the changes to be effected and normalised. It is evident by the response of the Controlling Officer that no efforts have been made to normalise the situation with PSMD save for the letter that was written to the respective stations were the officers are currently operating from. Your Committee strongly urges the Controlling Officer, as a matter of extreme urgency, to formally write to PSMD for the matter to be normalised without any further delay. Your Committee resolves to await a progress report on the matter.

#### **iii) Officer Retired from the Civil Service – K327,896**

The Controlling Officer submitted that the retiree had appealed to the Public Service Management Division against his retirement in a lower salary scale as Senior Sports Officer (GSS/7) now (K). The officer retired in national interest and, therefore, was entitled to continue to be on the payroll until the terminal benefits were paid. However, the responsibility to terminate those retired in national interest lay in the hands of Public Service Management Division (PSMD).

### **Committee's Observations and Recommendations**

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

#### **b) Payment of Salaries to Employees Not at the Duty Station – K1,719,641**

The Controlling Officer submitted that the officers were moved from their substantive stations to provide the services in places where they were most needed. However, it was noted that some of the officers who had completed their assignments had since been requested to revert to their substantive stations.

### **Committee's Observations and Recommendations**

Your Committee notes with regret that officers on the payroll at the Provincial Administration were not at the station but rendering the service in other departments. This state of affairs meant that while there were no vacancies at the Provincial Administration, the office did not physically have access to these officers, thereby depriving the station of the much needed human resource. Your Committee urges the Controlling Officer to follow up the matter with the Public Service Management Division so that the matter is rectified without any further delay. Your Committee resolves to await a progress report on the matter.

#### **c) Irregular Payment of Rural Hardship Allowances – K11,920**

The Controlling Officer submitted that the two officers were substantively supposed to be in Lukulu district, a station which attracted rural hardship allowance, hence they were paid hardship allowance. The amounts were being recovered through payroll.

### **Committee's Observations and Recommendations**

Your Committee expresses regret that the Provincial Administration only took action after the findings by the auditors. This demonstrates that there is weak supervision of staff tasked to handle payroll management. Your Committee urges the Controlling Officer to enhance the supervision of staff responsible for the payroll to avoid recurrence of the query. Your Committee resolves to await a progress report on the full recovery of the funds.

#### **d) Irregular Payment of Housing Allowances – K120,474**

The Controlling Officer informed your Committee that irregular payments to two former District Commissioners in amounts totaling K45,915.00 would be recovered from terminal benefits which the Government was yet to pay. In addition, recoveries in amounts totaling K54,659,00 were effected from the salaries of the officers concerned. Necessary inputs to facilitate recovery of the amounts totaling K19,900.00 that were paid to serving officers had been made to PMEC.

### **Committee's Observations and Recommendations**

Your Committee expresses shock that housing allowances were paid to officers who were accommodated in Government quarters. It appears to your Committee that there was connivance between the officers responsible for the payroll and the respective beneficiaries of these payments. Your Committee notes that it is not only administratively incorrect but also negligent on the part of the officers to input housing allowances for ineligible officers. It is further disappointing that no disciplinary action has been instituted against the erring officers. Your Committee urges the Controlling Officer to enhance the supervision of payroll staff to avoid recurrence of the query. Additionally, disciplinary action must be instituted against the officers who facilitated these payments through the payroll. Your Committee resolves to await a progress report on the matter.

**e) Irregular payment of Double Class – K3,500**

The Controlling Officer submitted that the payment of the double class allowance was an oversight during the payroll transfer of the officer from the Teaching Service to the Public Service. The amount of K3,500 had been recovered from the officer concerned. Equally the P MEC end-users had been requested to be more careful when preparing and effecting payroll inputs since they were professionals. The end-users had also been reminded to be referring to the End-User Training manual whenever they found challenges in performing changes on the Payroll Management and Establishment Control (P MEC) System.

**Committee’s Observations and Recommendations**

Your Committee expresses regret that the Provincial Administration only took action after the findings by the auditors. This demonstrates that there is weak supervision of staff tasked to handle payroll management. Your Committee urges the Controlling Officer to enhance the supervision of staff that handle the payroll to avoid recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**f) Irregular payment of Responsibility Allowance – K1,400**

The Controlling Officer submitted that the payment of the allowance was an oversight during the payroll movements of the officer from the Teaching Service to the Civil Service. Necessary inputs had been prepared to facilitate recovery of the monies from the officer's salary.

**Committee's Observations and Recommendations**

Your Committee expresses regret that the Provincial Administration only took action after the findings by the auditors. This demonstrates that there is weak supervision of staff tasked with payroll management. Your Committee urges the Controlling Officer to enhance the supervision of staff that handle the payroll to avoid recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**g) Irregularities in the appointment of former Sesheke District Commissioner – K122,440**

The Controlling officer submitted that the officer should have been retired in national interest if he was taking up a position outside the Public Service. However, in this case the officer was transferred to the Public Service on promotion. The officer had since been transferred back to the Teaching Service as District Education Board Secretary. The officer could not be deleted from the payroll as he was still serving in the Public Service but was merely transferred back to the Teaching Service Commission.

In this case the officer continued in office until he received his letter of re-deployment to revert back to the Teaching Service Commission through the Permanent Secretary, Ministry of Education. Further, the Ministry had written to the Public Service Management Division to clarify the matter.

### **Committee's Observations and Recommendations**

Your Committee expresses regret that the Government keeps losing funds out of sheer administrative lapses. It is unfortunate that laid down procedure were not followed when appointing the officer as District Commissioner, resulting in the loss of public funds. Your Committee further contends that, had action been taken when the anomaly was detected, the matter could have been normalised. Your Committee urges the Controlling Officer to desist from being a mere spectator when anomalies are detected, but rather to take action swiftly in order to avoid irregularities. Your Committee resolves to close the matter subject to audit verification.

#### **h) Questionable Introduction on the payroll – K48,179**



The Controlling Officer submitted that the documents had since been attached for verification. In the case of classified employees, it was stated that they were employed locally by the Permanent Secretary and only required to present NRC, medical report and to fill in oral contract forms.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the documents purportedly traced were not available during the audit process. This raises doubts as regards their authenticity, given the time that had elapsed. Your Committee urges the Controlling Officer to enhance the supervision of registry staff to avoid recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

#### **i) Irregular Payment of Salary to an Employee on Unapproved Study Leave – K222,882**

The Controlling Officer submitted that a letter was written to the Permanent Secretary, Public Service Management Division to withhold the salary of the officer while the District Disciplinary Committee was preparing to handle the matter. The officer's monthly salary was effectively blocked in August, 2015. However, as the authority for her to continue with her studies was not received from PSMD, the amounts erroneously paid to the officer were now being deducted from her salary.

### **Committee's Observations and Recommendations**

Your Committee expresses regret that the Provincial Administration only took action after the findings by the auditors. This demonstrates weak supervision of staff at the Province. It is ironic that an officer left for studies without approval from PSMD. Your Committee urges the Controlling Officer to enhance the supervision of staff and institute disciplinary action against the officer accordingly in addition to effecting recoveries. Your Committee resolves to await a progress report on the matter.

**j) Revolving Account**

**i) Failure to Recover Salary and Tuition Advances**

The Controlling Officer submitted that salary advances in amounts totaling K98,734 had been recovered from the monthly salaries of the concerned officers, leaving a balance of K41,500 which was scheduled for recovery in November, 2016.

Furthermore, tuition advances in amounts totaling K61,267 had also been recovered from the monthly salaries of the concerned officers, leaving a balance of K8,800 which had been scheduled for recovery in November, 2016.

**Committee's Observations and Recommendations**

Your Committee expresses regret that the Provincial Administration only took action after the findings by the auditors. This demonstrates weak supervision of staff tasked to effect the recoveries. Your Committee urges the Controlling Officer to closely supervise the officers charged with the responsibility of effecting recoveries in order to avoid recurrence of the query. Your Committee resolves to seek a progress report on the matter.

**ii) Salary Advances Paid to Officers with Net Pay Less than 40 Percent of Basic Pay**

The Controlling Officer submitted that the advances in amounts totaling K18,000 paid to two officers had been fed for recovery from the salaries of the officers concerned, while the balance amounting to K25,000 had been effected for recovery in November, 2016.

**Committee's Observations and Recommendations**

Your Committee expresses concern that while the recoveries have been instituted, it is shocking how the officers involved were allowed to borrow beyond the threshold of the forty percent provided in the Public Service Management Division Circular No. B19 of 2007. This state of affairs also brings in question the competency of the officers who manage the PMEC system. It is the expectation of your Committee that the matter should have been queried at input stage if the officers were competent. Your Committee urges the Controlling Officer to enhance supervision over staff handling the payroll to avoid the recurrence of the query. Your Committee resolves to await a progress report on the full recovery of the funds.

## WESTERN PROVINCE

### AUDIT QUERY

### PARAGRAPH 75

UNIT : Various  
PROGRAMME : General Deposit  
ACTIVITIES : Various

### Accounting and other Irregularities

75. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March and May, 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### a) Misapplication of Funds – K163,362

The Controlling Officer submitted that an amount of K163,362 had since been refunded to the General Deposit account on EFTA 005706 dated 20<sup>th</sup> May, 2016. The refund voucher was available for verification.

### Committee's Observations and Recommendations

Your Committee notes with dismay the action by the Provincial Administration in varying funds without seeking prior authority from the Treasury, Contrary to the provisions of the *Appropriation Act of 2014*. Your Committee urges the Controlling Officer to desist from this practice but

endeavour to follow laid down legal provisions, failure to which your Committee may recommend the Controlling Officer himself be disciplined. Your Committee resolves to await a progress report on the full recovery of the funds.

**b) Unretired Imprest – K57,451**

The Controlling Officer submitted that imprest in amounts totaling K35,658.24 had been retired and the vouchers were available for audit verification. The balance of K21,793.65 was scheduled for recovery from the salaries of the concerned officers.

**Committee's Observations and Recommendations**

Your Committee is disappointed that officers at the Provincial Administration continue to conduct themselves in total disregard to laid down financial regulations. This points to poor supervision by management. Further, your Committee is concerned that whereas the retirement of K35,658.24 has been purportedly made, leaving a balance of K21,793.65, no disciplinary action has been taken against the erring officers. The lack of disciplinary action is a sure recipe for continued misconduct by the officers. Therefore, your Committee directs that disciplinary action be taken against the erring officers, and supervision to be enhanced over all accounting staff in order to avoid similar irregularities in future. Your Committee resolves to await a progress report on the full recovery of the funds.

**c) Irregular Payments**

**i) Payment of Subsistence Allowances – K7,200**

The Controlling Officer submitted that the allowances were meant to sustain the officers while in transit to report to the districts via the Provincial Administration for formalisation of appointment documents. Management had since effected the recoveries for the amounts totalling K7,200 from the affected officers.

**Committee's Observations and Recommendations**

Your Committee is disappointed that the Provincial Administration has only instituted recoveries without taking any disciplinary action against the erring officers. It is the considered view of your Committee that internal controls have collapsed as a result of poor supervision of accounting staff. Your Committee urges the Controlling Officer to strengthen internal controls by enhancing the supervision over the accounting staff as well as institute disciplinary actions against the erring officers in this irregularity. Your Committee resolves to await a progress report on the matter.

**ii) Payment of Overtime Allowances – K3,331**

The Controlling Officer submitted that the overtime claims which were authorised by the Permanent Secretary were effected outside the payroll because the PEMC system was failing to accept the payment of overtime claims at that time as the code never existed. The office had since

computed the PAYE and effected recoveries through the payroll from the concerned officers.

### **Committee's Observations and Recommendations**

Your Committee finds the non remittance of statutory obligations unacceptable. It is disappointing that the Provincial Administration has not instituted disciplinary action against the erring officers. It is the considered view of your Committee that PAYE, being a direct tax is collected from an employee and must be remitted to ZRA promptly. Your Committee urges the Controlling Officer to be thorough with payroll management in order to avoid similar queries in future. Your Committee resolves to await a progress report on the matter.

#### **d) Questionable Payment of Accountable imprest for Sensitisation on Salary Advances – K41,865**

The Controlling Officer submitted that activity reports had since been submitted for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the report was only prepared in reaction to the audit findings. It is further disappointing that the Provincial Administration has not instituted disciplinary action against the erring officers. Your Committee urges the Controlling Officer to strengthen supervision in order to avoid recurrence of the query. Further, disciplinary

action must be instituted against the erring officers immediately. Your Committee resolves to await a progress report on the matter.

**e) Questionable payment for Repair of Damaged vehicle – GRZ 536CL**

The Controlling Officer submitted that the vehicle in question was damaged during the Presidential visit to Mulobezi. The matter was reported to police and was still under investigations.

**Committee’s Observations and Recommendations**

Your Committee expresses concern that despite the matter being reported to the police in Mulobezi District, the accident was not reported to the Provincial Accident Committee as is required by guidelines. Your Committee urges the Controlling Officer to strengthen supervision in order to avoid recurrence of the query. Your Committee resolves to await a progress report on the matter.

**f) Unaccounted for Stores – K18,622**

The Controlling Officer submitted that stores in amounts totalling K18,622 were recorded in the stores books and the receipt and disposal details were available for verification.

**Committee’s Observations and Recommendations**



Your Committee is dismayed with the poor management of stores documents resulting in the non-availability of the documents during the audit process. This points to the fact that there is weak supervision of stores staff. Your Committee urges the Controlling Officer to ensure that stores management is enhanced in line with Public Stores Regulation No. 16 to avoid recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**g) Questionable Payment of Imprest – K6,863**

The Controlling Officer submitted that management had effected recoveries of the imprest in question.

**Committee's Observations and Recommendations**

Your Committee expresses concern that whereas the recoveries have been instituted, disciplinary action has not been taken against the erring officer. It is disheartening that the Deputy Permanent Secretary, who ordinarily should lead by example, obtained the funds without undertaking the activity. Your Committee urges the Controlling Officer to institute disciplinary action against the Deputy Permanent Secretary for this action. Your Committee resolves to await a progress report on the matter.

**h) Survey of 1,500 Plots in Sikongo District – K677,959**

The Controlling Officer submitted that the 200 plots that were not worked on at the time of audit had since been surveyed and beacons. The plots were available for verification. The officer was informed to refund the amount of K21,000.00 subsistence allowance that was paid to him and he had since refunded amounts totaling K10,000.00, leaving a balance of K11,000.00 which was yet to be refunded.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that despite the funds for the surveying and beaconing of the 200 plots being released in full, the activity was incomplete at the time of the audit. Further, your Committee finds it unacceptable that, whereas the recoveries have been instituted, disciplinary action has not been taken against the officers who was paid subsistence allowance for work that was done within an officer's normal work station. It appears to your Committee that there was connivance between the Council Secretary and the accounting staff. Your Committee urges the Controlling Officer to ensure that planned activities are closely monitored in order to avoid recurrence of similar irregularities in future. Further, your Committee directs that disciplinary action be taken against the Council Secretary and the responsible accounting staff. Your Committee will await a progress report on the matter.

- i) Construction of Chiefs' Palaces – Ministry of Chiefs and Traditional Affairs – K1,228,542**

**i) Construction of Chiefs’ Palace at Namayula – Lukulu District – K668,523**

The Controlling Officer submitted that works at Namayula were now in the completion stage. The works had stalled due to non release of funding from the Ministry of Chiefs and Traditional Affairs. However, his office was advised to submit the project documents to the Ministry of Chiefs and Traditional Affairs to facilitate consideration for additional funding and these documents had since been submitted and the release of funds for the completion of the two projects was being awaited.

**Committee’s Observations and Recommendations**

Your Committee notes with regret that the Provincial Administration did not make efforts to follow up the release of the outstanding balance by the Ministry of Chiefs and Traditional Affairs. It is unacceptable that the project, which should have been concluded by February, 2016, had stalled for such a long time due to wrong computation of the Bill of Quantities. Your Committee urges the Controlling Officer to follow up the matter with the Ministry of Chiefs and Traditional Affairs so that the outstanding works are completed without any further delay. Your Committee resolves to await a progress report on the matter.

**ii) Construction of Chiefs’ Palace at Njonjolo-Nkeyema District – K750,765**

The Controlling Officer submitted that works at Njonjolo were now in the completion stage. The works had stalled due to non release of funding from the Ministry of Chiefs and Traditional Affairs. However, his office was advised to submit the project documents to the Ministry to facilitate consideration for additional funding and these documents had since been submitted and the release of funds for the completion of the two projects was being awaited.

### **Committee's Observations and Recommendations**

Your Committee notes with regret that the Provincial Administration did not make efforts to follow up the release of the outstanding balance by the Ministry of Chiefs and Traditional Affairs. It is unacceptable that the project, which should have been concluded by February, 2016, had stalled for such a long time due to wrong computation of the Bill of Quantities. Your Committee urges the Controlling Officer to follow up the matter with the Ministry of Chiefs and Traditional Affairs so that the outstanding works are completed without any further delay. Your Committee resolves to await a progress report on the matter.

## **WESTERN PROVINCE**

**Accounting and other Irregularities**

76. An examination of accounting and other records maintained at the Provincial Accounting Control Unit (PACU) and a physical inspection of selected projects carried out in January and May revealed various weaknesses, to which the Controlling Officer responded as set out below.

**a) Misapplication of funds – K689,458**

The Controlling Officer submitted that due to the underfunding experienced in the year 2015, management decided to use the funds at their disposal to support some of the general administration activities with a view to refunding the poverty reduction programmes when funds were available. Unfortunately, funding for general administration was not good enough to refund the poverty reduction programmes in full hence the balance on misapplication of funds. Management was, therefore, committed to paying back the funds in question to the respective PRP's when funds were available.

**Committee's Observations and Recommendations**

Your Committee finds the misapplication of funds meant for poverty reduction programmes unfortunate given the high poverty levels in the province. Additionally, the action is at variance with the provisions of the *Appropriation Act of 2014*. The action clearly shows that the Controlling

Officer does not prioritise programmes that are meant to uplift the living conditions of the citizens in the Province. Your Committee urges the Controlling Officer to ensure that the funds are reimbursed in full before the end of the first quarter of 2017 and sternly warns him to desist from this conduct forthwith. Your Committee resolves to await a progress report on the full reimbursement of the funds.

**b) Unretired Accountable Imprest – K69,156**

The Controlling officer submitted that imprest in amounts totalling K58,156.02 had since been retired and the retirement documents were available for verification. Further, an amount of K11,000.00 had been recovered from the salary of the concerned officer through the payroll.

**Committee's Observations and Recommendations**

Your Committee is disappointed that officers at the Provincial Administration continue to conduct themselves in total disregard to laid down financial regulations. This is because of poor supervision by the management at the Province. Further, your Committee notes that whereas the retirement of K69,156 has been purportedly done, no disciplinary action has been taken against the erring officers. Your Committee urges the Controlling Officer to ensure that the erring officers are surcharged forthwith. In addition, the supervision must be enhanced over accounting staff in order to avoid recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**c) Questionable Payment and Retirement of Imprest – K20,144**

The Controlling Officer submitted that the officer had been engaged for immediate recovery of the amounts and an in-put had since been made for facilitation.

**Committee's Observations and Recommendations**

Your Committee expresses concern that action was only taken by the Controlling Officer after the audit process. This laxity is the reason why officers at the Provincial Administration are flouting clearly defined financial regulations with impunity. As if that is not enough, no disciplinary action has been instituted against the erring officer. Your Committee contends that had the auditors not detected this anomaly, the matter would have gone unnoticed. Your Committee urges the Controlling Officer to ensure that disciplinary measures are instituted against the erring officers immediately. In addition, supervision must be enhanced over accounting staff in order to avoid recurrence of the query. Your Committee resolves to await a progress report on matter.

**d) Construction of a Crossing Point at Lunyati Dam – K250,000**

**i) Undelivered Building Materials – 50 Pockets of Cement – K62,985**

The Controlling Officer submitted that the cement had since been delivered and the Procurement and Supplies Unit had acknowledged receipt of materials which were available for immediate use by the user department.

### **Committee's Observations and Recommendations**

While noting the action by the Provincial Administration, your Committee expresses concern that action was only taken by the Controlling Officer after the audit process. This shows the laxity by management at the Province in supervising infrastructure projects. Your Committee urges the Controlling Officer to ensure that supervision of projects is enhanced to avoid recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

#### **ii) Stalled Works**

The Controlling Officer submitted that the works stalled due to non availability of crushed stones (course aggregates). The contractor, ZNS failed to get stones from the site at Lunyanti. The nearest place was Mangango within Kaoma but due to the long distance it proved costly. However, an additional K97,000 had been budgeted for in the 2017 budget for the completion of the works.

### **Committee's Observations and Recommendations**



Your Committee notes the action and resolves to await a progress report on the completion of remaining works.

**e) Construction and Rehabilitation of Boreholes – Water Affairs – K13,720**

The Controlling Officer submitted that the excess expenditure of K36,161 was from Maintenance of Government Building funds. The spending was done in anticipation of funding of the budget provision for construction and rehabilitation of borehole. This was done to ensure that works were completed to avoid wasteful expenditure and to sort out the water crisis that existed at Kalabo Secondary School.

The amounts paid as subsistence to ten officers who drilled boreholes at Imwiko and Mongu Central Prison, being places situated within their normal station of duty had been recovered from the concerned officers by effecting deductions through the payroll. The Controlling Officer noted with regret that the borehole drilled at Kalabo Secondary School was not in use as of July, 2016. The role of his office was to contribute the drilling of the borehole only to alleviate the water crisis at the school. However, the equipping of the borehole with the submersible pump was the responsibility of Ministry of Education, Kalabo Secondary School.

**Committee's Observations and Recommendations**

Your Committee expresses concern that whereas the intentions of spending K36,161 to drill the borehole was urgent given the crisis at the school, prior approval was not sought. Further, disciplinary action has not been taken

against the erring officers who paid subsistence allowances for works done within the officers' normal duty station. Your Committee urges the Controlling Officer to ensure that amounts totaling K36,161 are reimbursed without any further delay. In addition, the erring officer who paid the subsistence allowances irregularly should be charged. Your Committee resolves to await a progress report on the matter.

**f) Rehabilitation of the Assistant Secretary's Residence – K30,888**

The Controlling Officer submitted that the ceiling board had been done. The tiles meant for the kitchen and bathroom had been varied to the sitting room; dining and study room, this was because the tiles in the kitchen and bathroom were still in good condition.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the shoddy works arose due to weak supervision by the Provincial Administration. It is disappointing that corrective action was only taken after the audit findings. Your Committee urges the Controlling Officer to ensure that projects are closely supervised by the Provincial Engineer to avoid recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**g) Rehabilitation of the Deputy Permanent Secretary's Residence – K192,053**

The Controlling Officer submitted that the defects that were noted had since been rectified and the works were ready for verification.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the shoddy works arose due to weak supervision by the Provincial Administration. It is disappointing that corrective action was only taken after the audit findings. Your Committee urges the Controlling Officer to ensure that projects are closely supervised by the Provincial Engineer to avoid recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

#### **h) Rural Roads Unit – K833,601**

The Controlling Officer submitted that the misapplication was as a result of erratic funding.

### **Committee's Observations and Recommendations**

Your Committee observes with concern that the misapplication of funds is at variance with the provisions of the *Appropriation Act of 2014*. The action clearly shows that the Controlling Officer attaches no importance to clearly defined procedures for varying funds. Your Committee urges the Controlling Officer to ensure that the funds are reimbursed in full before the end of the first quarter of 2017 and to desist from this conduct forthwith. Your Committee resolves to await a progress report on the full reimbursement of the funds.

**AUDIT QUERY****PARAGRAPH 77**

UNIT : Various  
PROGRAMMES : General Administration  
ACTIVITIES : General Deposit Account

**Accounting and other irregularities**

77. An examination of accounting and other records maintained at the Provincial Administration and the physical inspection of the selected projects carried out in March and May, 2016, revealed the following: to which the Controlling Officer responded as set out below.

**a) Irregular Hotel Bills - K81,436**

The Controlling Officer informed your Committee that that the expenditure was incurred as a result of the deplorable state that the Permanent Secretary's house was in. Therefore, it could not be occupied as renovations were underway.

The Controlling Officer further submitted that he was not aware of any civil service rule, regulation or circular that required a Controlling Officer of a province to seek permission from the Secretary to the Cabinet to be accommodated in a hotel while his or her official residence was being renovated or refurbished. Your Committee was informed that the Controlling Officer had since written to the Auditor General's Office for guidance on the matter.

## **Committee's Observations and Recommendations**

Your Committee is appalled at the behavior exhibited by the Controlling Officer on this matter. It is particularly concerned with his failure to acknowledge the wasteful expenditure incurred as a result of his conduct. Your Committee further observes that the Controlling Officer appears to be in the habit of willfully committing the Government to such expenditure with impunity as evidenced by the recurrence of this serious irregularity at his previous posting in Luapula Province as revealed by the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31<sup>st</sup> December, 2014. In view of the foregoing, your Committee sternly cautions the Controlling Officer against defending irregularities. He is further cautioned against making decisions that are costly to the Government in the face of severe resource constraint being faced by the Government. Your Committee further urges the Secretary to the Treasury to ensure that stern disciplinary action is taken against the Controlling Officer, and that the funds wasted should be recovered from him without further delay. Your Committee further urges the Secretary to the Treasury to ensure that proper guidelines are put in place regarding the accommodation of senior Government officials in cases where rehabilitation works are in progress at their respective official residences. Your Committee will await a progress report on the matter.

### **b) Failure to Reimburse Borrowed Funds - K768, 826**

The Controlling Officer explained that the delay in reimbursing the funds was due to irregular and inadequate funding during the year under review (2015) and in 2016.

He informed your Committee that the total authorised provision for the financial year ended 31<sup>st</sup> December 2015, for the Office of the President – Eastern Province was K81,925,248 of which K14,839,709 was for Recurrent Departmental Charges and K9,150,688.30 for RDC's, therefore, leaving a balance of K5,689,020.70 unfunded. He, therefore, lamented that had the full amount of RDC's been funded, the K768,826 borrowed from the General Deposit Account would have been refunded.

Your Committee was further informed that the situation was also compounded by the arrival of a new Permanent Secretary during the period under review. There was need to pay settling-in allowance and also undertake familiarisation tours of the Province as well as attend traditional ceremonies. Further, there was also need to meet constitutional and other Parliamentary obligations for the Provincial Minister, hence the need to borrow from the General Deposit Account.

However, despite these funding challenges, the Provincial Administration, managed to refund an additional K400,537.88 leaving the balance at K368,288.12.

Going forward, the Controlling Officer recommended the immediate rolling out of the Treasury Single Account at Provincial Administration and all Ministries, Provinces and other Spending Agencies. This, in his view, would

eliminate the holding of idle funds in the commercial bank accounts with funds being released only when a claim was made through an invoice or a payment certificate. If this had been the case before, the K2,393,693 released into the General Deposit Account would have been phased according to claims.

### **Committee's Observations and Recommendations**

Your Committee is disappointed at the Controlling Officer's attempt to justify the misapplication of the funds from the activities for which it was budgeted, to other unrelated activities and cautions him to halt the practice henceforth. Your Committee further urges the Secretary to the Treasury to take appropriate measures against the Controlling Officer for exceeding his jurisdiction and recommends that the reimbursement of the funds be done without undue delay. Your Committee awaits a progress report.

#### **c) Construction of Multipurpose Hall – Kapata Cultural Village**

##### **i) Failure to avail a Contract Document - K23,000**

The Controlling Officer submitted that a Local Purchase Order (LPO), a legally binding document between the procuring entity and the seller, was

raised in this matter in accordance with the provisions of Public Procurement Regulation No. 112 (d).

In view of the foregoing, the Controlling Officer informed your Committee that it was in order that the LPO was written for the project in question, as this was the procedure for low value procurements.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Provincial Administration to avail the Local Purchase Order to the auditors during the audit and notes that this should no longer be tolerated as it undermines the work of oversight institutions in the country. Your Committee, in this regard, urges the Controlling Officer to institute disciplinary action against the erring officers. Your Committee however, recommends the matter for closure subject to audit verification.

#### **ii) Delivery of a Wrong Water Tank**

The Controlling Officer informed your Committee that the installation of the 1000 litres capacity tank was as result of the unavailability of the 3000 litres capacity tank as only 1000, 2500 and 5000 capacity tanks were available on the market. However, the contractor had since been written to regarding the matter and had agreed to install the 2500 litres capacity tank by the end of December, 2016.

### **Committee's Observations and Recommendations**



Your Committee does not accept the explanation given by the Controlling Officer as such lapses can result in the loss of public funds. Your Committee, in this regard, urges the Controlling Officer to ensure that stern disciplinary action is taken against the officers responsible for this irregularity. Your Committee, further, urges the Controlling Officer to make sure that officers at the Provincial Administration follow the required specifications when procuring goods to avoid such audit queries. Your Committee will await a progress report on the installation of the tank.

**d) Construction of Chiefs' Palaces**

**i) Delayed completion of project – Chieftainess Nyanje's Palace**

The Controlling Officer explained that the contracts were labour based. The local community had delayed in providing their contribution (materials), hence the delay.

He further informed your Committee that little progress had taken place since the time of audit as more effort had gone towards the Paramount Chief Mpezeni's Palace. In view of the forgoing, the only additional expenditure for Chieftainess Nyanje's Palace had been the procurement of roofing sheets. However, the Permanent Secretary at the Ministry of Chiefs and Traditional Affairs had been written to for more funding.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to ensure that works were completed within the specified time. Your Committee urges the Controlling Officer to ensure that the outstanding works are paid for and that the works are completed without further delay. Your Committee awaits a progress report on the matter.

**ii) Delayed Completion of Project – Paramount Chief Mpezeni’s Palace**

The Controlling Officer explained that the contracts were labour based. The local community delayed in providing their contribution (materials), hence the delay. However, the works were progressing well and were 65% complete with works such as plumbing, electrical, beam filling, plastering, tiling, ceiling, the septic tank and soak away yet to be completed as evidenced by the pictures below.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the supervision of the works is enhanced and the works expeditiously completed in order for the intended beneficiaries to enjoy the facilities. Your Committee awaits a progress report.

**OFFICE OF THE PRESIDENT – EASTERN PROVINCE**

**AUDIT QUERRY**

**PARAGRAPH 78**

UNIT : Various

PROGRAMMES : Personal Emoluments  
ACTIVITIES : Personal Emoluments

### **Accounting and Other Irregularities**

78. An examination of accounting and other records maintained at the Provincial Administration and selected districts offices carried out in May, 2016, revealed various irregularities to which the Controlling Officer responded as set out below.

**a) Inconsistent Expenditure Reporting - K2,834,535**

The Controlling Officer submitted that the variance was attributed to the salary increments effected in 2015 under Head 95 – Eastern Province, but accounted for by the Ministry of Finance (Head 37). The supporting documentation was available for audit verification.

### **Committee’s Observations and Recommendations**

Your Committee expresses concern that the Provincial Administration failed to avail this information to the auditors during the audit, which is highly unacceptable. Your Committee in this regard, urges the Controlling Officer to ensure that management at the Provincial Administration pays full attention to the work of the Auditor General’s Office to avoid such queries appearing in the Audit Report. Your Committee, further, urges the Controlling Officer to institute disciplinary action against officers who failed to cooperate with the auditors and will await a progress report on the matter.

**b) Irregular Payment of Salaries to Deceased Employees - K22,407**

The Controlling Officer submitted that the Provincial Administration Office was not informed in time by the Provincial Forestry Office about the death of the officer. It, therefore, became difficult to remove him from the payroll without the necessary documents.

He explained, that out of the deceased's leave terminal benefits, an amount of K4,632.02 was paid as tax to the Zambia Revenue Authority (ZRA) on 18<sup>th</sup> August 2016, and a further K17,770 was paid by the widow on 16<sup>th</sup> November, 2016.

The Controlling Officer further reported that he had since written a memo to all heads of departments and to the District Commissioners advising them to inform his office on time in cases of deaths, transfers or resignations to facilitate timely adjustments on the payroll. Failure to follow this directive would attract disciplinary action.

**Committee's Observations and Recommendations**

Your Committee does not accept the response given by the Controlling Officer as such an anomaly can result in the loss of public funds through payments made to individuals not rendering a service to the Government. Your Committee urges the Controlling Officer not to relent, but apply himself fully and ensure that recoveries are effected from the officers

responsible for this serious lapse and disciplinary action taken against them. Your Committee awaits a progress report on the matter.

**c) Irregular Payment of Rural and Remote Hardship allowances - K9,995**

The Controlling Officer informed your Committee that certain areas were designated as rural and the parameters were determined by Payroll Management and Establishment Control (PMEC) Lusaka. He regretted that Lundazi was designated as rural when in actual fact it was not. The Controlling Officer also expressed regret that the officer in question drew salaries from a Lundazi position, which was erroneously designated as rural.

He however, assured your Committee that the officer was no longer getting the rural hardship allowance. Further, the amounts he erroneously got as rural hardship allowances were being recovered from his salary effective September, 2016.

**Committee's Observations and Recommendations**

Your Committee notes the response but expresses concern at the failure by the officers responsible for the payments to detect the anomaly on time. In this regard, your Committee urges the Controlling Officer to ensure that internal controls on the payroll system are strengthened. He is further urged to ensure that the matter is corrected in the system in order to avert

recurrence and to also institute disciplinary action against the erring officers. Your Committee will await a progress report on the matter

**d) Failure to deduct statutory contributions- K8,060**

The Controlling Officer informed your Committee that the Officers in question had attained 55 years of age, which was the statutory retirement age before the new statute was introduced. He explained that the PMEC system was designed in such a way that when a person attained 55 years of age, statutory deductions such as pensions and NAPSA automatically discontinued.

The Controlling Officer, however, informed your Committee that the deductions had since been reinstated for all the officers in question effective June, 2016 and the supporting documentation was available for audit verification. Regarding the arrears amounting to K8 060, your Committee was informed that the office was engaging the affected officers to see the best way to recover the arrears whether through the payroll or through cash.

**Committee's Observations and Recommendations**

Your Committee sternly cautions the Controlling Officer to ensure that statutory obligations at the Provincial Administration are met as required by law. Your Committee further urges the Controlling Officer to ensure that recoveries are made from the affected officers in order to avoid the loss of Government revenue. Disciplinary action should further be instituted

against all culpable officers. Your Committee resolves to await a progress report on the matter.

**e) Failure to Recover Tuition and Salary Advances - K20,000**

The Controlling Officer explained that the PMEC system was designed in such a way that one could not be paid a take home salary which was less than 40 percent of their basic pay.

He informed your Committee that the officer in question got a tuition advance amounting to K20,000 and at the same time got an external credit recovery which led to his take home salary amounting slightly above 40 percent of his basic salary. Consequently, the tuition advance recovery which was keyed by the PMEC end – user was pending in the PMEC system. However, the recovery was stopped when three monthly recoveries had been done and was reintroduced at a monthly rate which the PMEC system could allow.

The Controlling Officer further informed your Committee that he had since instituted disciplinary procedures against the officer deemed to be responsible for the anomaly.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the Provincial Administration to effect the recoveries before the audit. It observes that such laxity can result in the loss of Government resources and is pleased to

note that disciplinary action has been instituted on the officer. Your Committee will await a progress report.

## **OFFICE OF THE PRESIDENT - LUAPULA PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 79**

UNIT : Provincial Administration  
PROGRAMME : General Administration  
ACTIVITIES : Various

### **Accounting and Other Irregularities**

79. An examination of accounting and other records maintained at the Provincial Administration and seven District Commissioner's offices namely: Mansa, Mwense, Samfya, Chipili, Chembe, Kawambwa and Nchelenge carried out from January to March, 2016 revealed various irregularities to which the Controlling Officer responded as set out below.

#### **a) Failure to Settle Insurance Premiums - K296,008**

The Controlling Officer explained that insurance was an item under Programme 6039: Transport Management, activity 009: Transport Management whose budget was K243,958. He informed your Committee that the releases for Activity 009 in the period under review was K221,126.80. The budget allocation for insurance in this amount was K51,628, of which K25,440.00 was released and spent on insurance. In



view of the foregoing, the failure to settle the outstanding insurance bill of K296,008.00 was due to budgetary constraints.

As a way forward on the matter, the Controlling Officer informed your Committee that the Provincial Administration and the Zambia State Insurance Corporation (ZSIC) had since signed a debt dismantling plan. Further, management had also budgeted for dismantling of arrears in the 2017 budget as part of the solution to the problem. In this regard, a total of K878,610.00 had been provided in the estimates of expenditure for 2017 for dismantling of arrears of which K623,610 was to suppliers of goods and services. This included the payment for insurance.

### **Committee's Observations and Recommendations**

Your Committee calls upon the Controlling Officer to pursue this matter to its logical conclusion as it may result in the loss of public assets in cases of accidents or theft. Your Committee awaits a progress report.

#### **b) Failure to Insure Buildings -**

During the period under review, the Provincial Administration had not insured all its buildings thereby causing a risk of loss in the event of a calamity. In addition, the buildings had not been valued as of September, 2016.

The Controlling Officer acknowledged that the Provincial Administration had not been insuring its buildings. He informed your Committee that he was grateful that the Auditor General’s Report had highlighted the concern. He further explained that management had written to the Secretary to the Treasury to request for supplementary funding for the valuation of buildings in order to determine the values of the buildings for the determination of insurance premiums. Your Committee was informed that K100,000 had been budgeted for in 2017 for this exercise, after which the Provincial Administration would begin to insure its buildings.

**Committee’s Observations and Recommendations**

Your Committee observes that there is lack of seriousness in the response given by the Controlling Officer. Your Committee, in this regard, strongly urges him to ensure that a budget provision is made for insurance cover for all assets including all buildings and equipment in the custody of the Provincial Administration so as to secure them from any unforeseen loses in case of calamity. Your Committee requests the Office of the Auditor General to keep the matter in view in future audits.

**c) Failure to Insure Motor Vehicles**

The Controlling Officer informed your Committee that the status of insurance for the foresaid motor vehicles was as tabulated below:

MAKE	NUMBER	MANAGEMENT RESPONSE	ACTION TAKEN
Toyota Prado	GRZ 724 CH	The query was resolved at	No further action to

		audit verification stage (See Appendix “D”	be taken
Toyota Hilux	GRZ 479 CJ	The query was resolved at audit verification stage (See Appendix “D”	No further action to be taken
Toyota Hilux	GRZ 214 CM	It was procured centrally by Ministry of Works and Supply and insured	Was centrally insured by Ministry of works and Supply in the year review
Toyota Hilux	GRZ 218 CM	It was procured centrally by Ministry of Works and Supply and insured	Was centrally insured by Ministry of works and Supply in the year review
Toyota Hilux	GRZ 222 CM	It was procured centrally by Ministry of Works and Supply and insured	Was centrally insured by Ministry of works and Supply in the year review
Land Rover	GRZ 472 CH	Management acknowledges the fact that this vehicle is not insured and appreciates the Auditor General’s concern.	Management has directed District Commissioner-Mansa District to stop using this vehicle until it is insured (See Appendix “E”)
Toyota Land Cruiser	ABD 8717	Management acknowledges the fact that this vehicle is not insured and appreciates the Auditor General’s concern. But the vehicle did not belong to Provincial Administration Luapula and has since gone back to Ministry of Works and Supply.	It has been returned to Ministry of Works and Supply

Land Rover	GRZ 627 CF	Management acknowledges the fact that this vehicle is not insured and appreciates the Auditor General's concern.	Management has directed District Commissioner-Mansa District to stop using this vehicle until it is insured (See Appendix "E")
Toyota Land Cruiser	AAZ 2153	Non-Runner	Its earmarked for auction
Land Rover	GRZ 607 CF	Non-Runner	Its earmarked for auction
Nissan Hard Body	GRZ 978 BV	Non-Runner	Its earmarked for auction

### **Committee's Observations and Recommendations**

Your Committee observes that the Provincial Administration has not been compliant with the provisions of the Act in question. Your Committee strongly urges the Controlling Officer to ensure that the motor vehicles are insured as required by law. Your Committee further urges the Controlling Officer to provide the evidence in support of his submission to the Office of the Auditor General for audit verification without further delay. Your Committee awaits a progress report on the matter.

### **OFFICE OF THE PRESIDENT-LUAPULA PROVINCE**

#### **AUDIT QUERY**

#### **PARAGRAPH 80**

DEPARTMENT : Headquarters  
PROGRAMME : General Deposit Account  
ACTIVITIES : Various

## **Accounting and Other Irregularities**

80. An examination of accounting and other records maintained at the Provincial Administration and Physical inspections of various projects carried out in March, 2016 revealed various irregularities to which the Controlling Officer responded as set out below.

### **a) Irregular Use of Accountable Imprest - K28,200**

The Controlling Officer explained that the payment was for Labour Day celebrations. He informed your Committee that due to late funding which came a day before the event, the payments were made using cash because most suppliers in Mansa District did not accept payments by cheque or delivery on credit even though the law stipulated that suppliers of goods and services should be paid by cheque.

### **Committee's Observations and Recommendations**

Your Committee observes that the irregular use of imprest could facilitate fraudulent activities and therefore, expresses concern at the failure by the Controlling Officer to ensure that the provisions of Financial Regulation No. 86(c) are adhered to. Your Committee urges the Controlling Officer to ensure that disciplinary action is instituted on the officers who failed to abide by the said regulation. Your Committee awaits a progress report.

### **b) Chieftainess Kanyembo's Palace - Nchelenge District - K211,983**

The Controlling Officer informed your Committee that works on the office block did not commence as highlighted in the Auditor General's Report, resulting in the contractor demobilising. He explained that the construction of the office block was delayed owing to the change of the construction site by the Royal Establishment from a bigger one capable of accommodating the three buildings as planned, to a smaller one. To this effect, further consultations were made regarding the realignment of the office block. The delay, therefore, prompted the contractor to demobilise, in order to avoid costs related to idle time on site. However, the matter had since been resolved, by repositioning the office block and the contractor was expected to remobilise to the site.

### **Committee's Observations and Recommendations**

Your Committee is disappointed with the delay in the completion of the project. Your Committee expresses concern that the materials meant for the project are susceptible to thefts and consequently the failure to fully implement the funded project. Your Committee strongly urges the Controlling Officer to ensure that the construction works are resumed and expedited without further delay. Your Committee awaits a progress report.

#### **c) Chief Mununga's Palace - Chiengi District**

The Controlling Officer explained that the above was due to the uneven, sloppy and sandy terrain encountered during the construction as opposed to the planned flat and firm terrain. This development demanded for more building materials such as crushed stones, cement and river sand. The delay

prompted the contractor to demobilise waiting for the client to procure the additional materials. This was to avoid the costs related to idle time on site. Your Committee was informed that the Provincial Administration had requested for additional funding and was currently awaiting a response.

### **Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to effectively plan for the project which has sadly resulted in the delay of its completion. Your Committee observes that the project was not subjected to proper scrutiny by the Provincial Buildings Engineer to ascertain its feasibility. Your Committee, in this regard, directs the Controlling Officer to institute disciplinary action against the Provincial Buildings Engineer for this failure. Your Committee further directs the Controlling Officer to intervene in the matter and ensure that the outstanding works are thoroughly supervised and completed without further delay. Your Committee awaits a progress report.

## **OFFICE OF THE PRESIDENT – NORTH-WESTERN**

### **AUDIT QUERY**

### **PARAGRAPH 81**

PROGRAMME : General Administration

ACTIVITIES : Various

## **Accounting and Other Irregularities**

81. An examination of accounting and other records maintained at the Provincial Administration carried out in March 2016, revealed various weaknesses, to which the Controlling Officer responded as set out below.

### **a) Unvouched Expenditure - K78,767**

The Controlling Officer submitted that seventeen payment vouchers in amounts totaling K71,467 had since been traced and were available for verification while the balance of K7,300 involving cash sale receipts for four payments to Zamtel for telephone and internet bills had not been traced but the efforts to trace them were on-going.

As a control measure, all the accounting and filing staff had since been advised to ensure that all necessary documentation was attached before and after processing payments.

## **Committee's Observations and Recommendations**

Your Committee expresses concern at the poor record keeping at the Provincial Administration. It is unacceptable that payments were made without well documented evidence of the said transactions in line with Financial Regulation No. 45. Your Committee urges the Controlling Officer



to ensure that record keeping is strengthened in order to avoid the recurrence of the query. Your Committee also urges the Controlling Officer to institute disciplinary action against the officers who failed to keep proper records as a corrective measure. Your Committee resolves to await a progress report on the outstanding receipts amounting to K7,300.

**b) Questionable -Air Tickets – K33,513**

The Controlling Officer submitted that the said expenditure could not be said to be questionable because it was done in the interest of efficiency and effectiveness as was always the practice by Ministers and Controlling Officers covering such long distances. Instead of spending almost half a day travelling, arrangements were made for drivers to leave in advance as the concerned officers remained in office, attending to pressing office matters.

It was explained that flying between Solwezi and Lusaka took only one hour while travelling by road took an average of ten hours. Besides, officers at the levels of Ministers and Permanent Secretaries were entitled to the best mode of transport for local travel and business class for foreign travel. This practice was obtaining in all Ministries Provinces and Spending Agencies for the reasons stated above.

**Committee's Observations and Recommendations**

Your Committee is disappointed that the Controlling Officer is justifying a clear case of abuse of office on his part by using both road and air travel for the same activity. It is disheartening that despite being censured by the previous Committee, the Controlling Officer has continued with this

practice. Your Committee contends that using both modes of transport is not only abuse of office but also a clear case of wasteful expenditure which must be halted forthwith. Your Committee urges the Controlling Officer to use only one mode of transport, that is either air or road transport whenever travelling for duties outside the province. Additionally, your Committee recommends that the amounts involved must be deducted from the Controlling Officer's emoluments within a reasonable period. Your Committee awaits a progress report on the full recovery of the amounts involved.

**c) Failure to Provide Expenditure Returns – K270,020**

The Controlling Officer submitted that expenditure returns amounting to K188,138.67 had since been traced and were available for verification. For the balance of K81,881.33, records were unavailable due to the demise of the late District Commissioner for Kasempa. Therefore, it was difficult to trace the records.

As a control measure, funding to District Commissioners would only be made after submission of expenditure returns.

**Committee's Observations and Recommendations**

Your Committee expresses concern that corrective actions were only taken after the audit process which shows that the Controlling Officer is not supervising the District Commissioners as required. Further, your Committee finds it unacceptable that the demise of the District

Commissioner for Kasempa resulted in the failure to trace the records. This is testament to the fact that there are no systems in place for proper record keeping in the district. Your Committee urges the Controlling Officer to adhere to its resolve of only funding districts that submit expenditure returns in line with Financial Regulations. This should help to reduce the weaknesses in record keeping. Your Committee insists that efforts be made to trace the outstanding expenditure returns and will await a progress report on the matter.

**d) Unaccounted for Funds – K11,252**

The Controlling Officer submitted that the officer had since been charged and recoveries were running on the payroll.

**Committee's Observations and Recommendations**

Your Committee is concerned that the occurrence of the query is a clear indication that there are weak internal controls at the province, resulting in abuse of public funds by officers. Your Committee urges the Controlling Officer to scale up internal control measures in addition to the disciplinary actions instituted. Your Committee resolves to await a progress report on the full recovery of the funds.

**e) Payment of Overtime Allowance Outside the Payroll – K45,740**

The Controlling Officer submitted that the province had no savings to pay overtime through the payroll system, hence management paid overtime

through Recurrent Departmental Charges (RDC's). The tax component amounting to K3,719.36 was being recovered from the officers in question. Management would ensure that overtime was paid through payroll in future.

### **Committee's Observations and Recommendations**

Your Committee finds it unacceptable that officers in the province are allowed to disregard Financial Regulations with impunity. While noting response, your Committee strongly recommends that disciplinary action be taken against officers responsible for using funds meant for RDC's on overtime allowances, including those who authorised the payments. Your Committee further insists that this variation of public funds be corrected by effecting a refund to the RDC account forthwith. Your Committee will await a progress report on these matters.

#### **f) Failure to Remit Income Tax – K140,731**

The Controlling Officer submitted that this was due to inadequate funding. The funds would be remitted to ZRA when adequate funding was provided by Ministry of Finance.

### **Committee's Observations and Recommendations**

Your Committee is displeased that the province failed to remit tax as required by the *Income Tax Act*. Your Committee strongly urges the Controlling Officer to desist from this practice and ensure that the said funds are remitted without any further delay. Your Committee resolves to await a progress report on the full remittance of the funds to ZRA.

**g) Failure to Provide Activity Reports – K30,895**

The Controlling Officer submitted that the activity reports for transactions in amounts totaling K30, 895 had since been traced and were available for verification.

**Committee’s Observations and Recommendations**

Your Committee finds it unacceptable that the activity reports were not availed to the auditors during audit process despite the activities having already been undertaken at that time. This could be an indication that the activities may not have taken place. Your Committee urges the Controlling Officer to ensure that activity reports are submitted immediately officers returned to their stations after an activity. Your Committee will await a progress report on the matter.

**h) Irregular Use of Accountable Imprest – K80,435**

The Controlling Officer submitted that the Ministry had taken note and would ensure that this does not recur. He noted that most of the purchases were for national events and goods were bought from various vendors making it difficult to pay by cheque due to the nature of the items that were

bought. However, all necessary documentation supporting the payments was available for verification.

### **Committee's Observations and Recommendations**

Your Committee finds the justification by the Controlling Officer at variance with Financial Regulations on the usage of imprest and therefore, unacceptable. It is apparent that there were vested interests by officers at the provincial office in these transactions. Your Committee urges the Controlling Officer to desist from using imprest to procure goods and services but pay suppliers directly to avoid abuse by officers. Your Committee calls for disciplinary action against all officers involved in this irregularity and directs that all relevant documentation be submitted for verification. Your Committee will await a progress report on the matter.

#### **i) Questionable Payment of Subsistence Allowances – K13,600**

The Controlling Officer submitted that the Minister stayed in Lusaka on official duty despite the adjournment of Parliament to avoid incurring further costs.

### **Committee's Observations and Recommendations**

Your Committee expresses concern that the Controlling Officer did not follow procedure in paying for the Minister's stay in Lusaka when Parliament had adjourned. The Controlling Officer is urged to desist from such breaches in future but raise separate payments for different activities.

Your Committee directs that the Matter be normalized. Your Committee will await a progress report on the recoveries.

**j) Irregular Payment of Meal Allowances – K5,370**

The Controlling Officer submitted that amounts totaling K4,000 had since been recovered in cash while the balance of K1,370 had been recovered through the payroll. General receipts and payslips showing the recoveries were available for verification.

The Controlling Officer assured your Committee that he would henceforth strictly adhere to relevant Financial Regulations and Cabinet Circular No. 11 of 2013 on meal allowances.

**Committee's Observations and Recommendations**

Your Committee notes that while the recoveries have been instituted, no disciplinary measures have been instituted against the erring officers. Your Committee urges the Controlling Officer to institute appropriate disciplinary measures against the officers responsible for these irregular payments, and submit all relevant documents for verification. Your Committee will await a progress report on the matter.

**k) Failure to Insure and Report Motor Vehicle Accidents – K345,000**

The Controlling Officer submitted that contrary to the observations by the auditors, the vehicle GRZ 217 CH was insured and the accident was reported

to the Standing Accidents Committee. The Committee had not yet sat to look at the case. A report would be availed to the auditors once the Standing Accidents Committee met.

### **Committee's Observations and Recommendations**

Your Committee notes that response but wonders why this information was not availed to the auditors. Your Committee expresses displeasure that the officers disregarded the auditors when this query could have been avoided. In this vein, your Committee recommends that all relevant documents be submitted for audit verification and resolves to await a progress report on the matter.

#### **l) Unaccounted for Fuel – K13,606**

The Controlling Officer submitted that the receipt and disposal records totaling K13,606 were available for verification.

### **Committee's Observations and Recommendations**

Your Committee contends that failure to produce relevant documents during the audit process and tracing immediately thereafter is not only a sign of indiscipline but also points to weak supervision at the provincial office. Your Committee urges the Controlling Officer to strengthen the record keeping at the province. In addition, disciplinary action should be taken



against officers responsible for this irregularity. Your Committee resolves to await a progress report on the matter.

## **OFFICE OF THE PRESIDENT-NORTH-WESTERN PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 82**

PROGRAMME : Personal Emoluments

ACTIVITIES : Various

### **Accounting and other Irregularities**

82. An examination of accounting and other records maintained at the Provincial Administration carried out in March, 2016, revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### **a) Employees on Payroll but not at Station – K80,912**

The Controlling Officer submitted that it was correct that three employees were not at their station of duty. It was stated that the officers were re-assigned to work from other stations where their services were critically required due to frozen positions on the payroll.

### **Committee's Observations and Recommendations**

Your Committee notes with concern that the officers were not at their respective stations despite being employed to work at the province. Your Committee urges the Controlling Officer to address these anomalies in

consultation with Cabinet Office. Your Committee resolves to await a progress report on the matter.

**b) Misplacement of Officers on the Payroll – K1,225,211**

The Controlling Officer submitted that the auditors were correct that twenty two (22) officers were drawing salaries from pay points which were different from their physical stations. This was because management made administrative decisions to move the workers to stations where their services were critically needed. He explained that due to the number of frozen positions, some stations were left completely unmanned. As such, some officers had been reassigned to ensure that public service delivery was not disrupted.

The Controlling Officer further explained that efforts were made to have the frozen position on our payroll to be unfrozen by Public Service Management Division but these efforts were unsuccessful.

**Committee’s Observations and Recommendations**

Your Committee finds it inconceivable that the province is operating actively with such a large number of officers not at their stations. Your Committee urges the Controlling Officer to pursue corrective measures in consultation with Cabinet Office and ensure that the officers are operating from their respective duty locations. Your Committee resolves to await a progress report on the matter.

**c) Irregular Payment of Acting Allowance – K415,905**

The Controlling Officer submitted that it was correct that fourteen officers had acted for as long as twelve months. However, the officers in question had letters from PSMD authorising them to act in those positions and therefore, were entitled to receive acting allowances while waiting for confirmation from PSMD. The Controlling Officer added that recommendations for promotion were usually submitted in good time from the province but responses often delayed considerably. It was further reported that when these letters came, they were always backdated to the date when an officer assumed the responsibilities of these higher positions.

The two officers queried to have acted without authority but had acting appointment letters from PSMD. The letters were available for your verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern on the issue of poor co-ordination between Cabinet Office and the province. It is shocking that it took almost seven months for the province to discover that the officers were in fact acting in their positions with written authority from the Public Service Management Division. Your Committee urges the Controlling Officer to

enhance co-ordination with PSMD so as to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**d) Irregular Payment of Rural and Remote Hardship Allowances – K11,760**

The Controlling Officer submitted that this happened due to lack of communication between the departments involved and the P MEC end users at Provincial Administration. The allowance for one officer had since been stopped and recoveries totaling K8,400 had been effected through the payroll, while the other officer was transferred from one rural station to another rural station making him eligible to the rural allowances he was getting. Payslips and transfer letter were available for verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern on the poor co-ordination between Cabinet Office and the Provincial Administration. It is apparent that the officers responsible for human resource issues are not performing their functions as expected. Your Committee urges the Controlling Officer to enhance co-ordination with PSMD so as to avoid the recurrence of the query. Your Committee resolves to await a progress report on the full recovery of the funds in question.

**e) Irregular Payment of Salaries to Officers Absent from Duty Without Leave – K98,291**

The Controlling Officer submitted that letters had since been written to the concerned Heads of Department to take necessary action and the recoveries of salaries involving three officers paid during the period in which they were absent from duty had since been effected through the payroll while one other officer had his salary blocked. Payslips were available for verification.

### **Committee's Observations and Recommendations**

Your Committee finds the laxity by the province to institute disciplinary action against misconduct, shocking. In this regard, your Committee urges the Controlling Officer to mete out necessary action without undue delay in order to serve as an example to other would-be offenders. Your Committee resolves to await a progress report on the full recovery of the funds and the disciplinary action to be taken.

## **OFFICE OF THE PRESIDENT - NORTH WESTERN PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 83**

PROGRAMME : Poverty Reduction Programmes (PRP)

ACTIVITIES : Various

### **Accounting and other Irregularities**

83. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in February 2016, revealed several weaknesses to which the Controlling Officer responded as set out below.

**a) Misapplication of Funds – K156,280**

The Controlling Officer submitted that the amounts totaling K156, 280 were paid as imprest to officers for office operations in order to keep the office operational. This was a borrowing and the funds would be paid back when the province adequately funded by Ministry of Finance.

**Committee’s Observations and Recommendations**

Your Committee finds the misapplication of funds meant for Poverty Reduction Programmes (PRPs) unfortunate given the high poverty levels in the province. Additionally, the action is at variance with the provisions of the *Appropriation Act of 2014*. The action is indicative of the fact that the Controlling Officer attaches no importance to programmes that are meant to uplift the living conditions of the citizens in the province. In this vein, your Committee urges the Controlling Officer to ensure that the funds were reimbursed in full before the end of the first quarter of 2017 and sternly warns him to desist from such conduct forthwith. Your Committee resolves to await a progress report on the full reimbursement of the funds.

**b) Failure to Reimburse Borrowed Funds – K338,042**

The Controlling Officer submitted that the amount totaling K338,042 was borrowed from PRP account to Recurrent Departmental Charges account for office operations in order to keep the office operational and would be paid back when adequately funded by Ministry of Finance.

### **Committee's Observations and Recommendations**

Your Committee finds the misapplication of funds meant for Poverty Reduction Programmes (PRPs) unfortunate given the high poverty levels in the province. Additionally, the action is at variance with the provisions of the *Appropriation Act of 2014*. The action is indicative of the fact that the Controlling Officer attaches no importance to programmes that are meant to uplift the living conditions of the citizens in the province. In this vein, the Committee urges the Controlling Officer to ensure that the funds were reimbursed in full before the end of the first quarter of 2017 and sternly warns him to desist from this conduct forthwith. Your Committee resolves to await a progress report on the full reimbursement of the funds.

#### **c) Construction of Kankujere Earth Fill Dam – K492,000**

The Controlling Officer submitted that there was an oversight which led to failure to secure the advance payment for mobilisation. Management had since engaged the contractor to refund the advance for mobilisation.

### **Committee's Observations and Recommendations**

Your Committee is of the view that the failure to secure the advance with bank guarantees was deliberate and not inadvertent due to improper interests by some officers at the provincial office. In this vein, your Committee recommends that disciplinary action be meted out against the officers who failed to secure the advance. Further, the execution of the contract without the assurance by the Treasury of the release of the requisite funds equally compounded the problem. Your Committee urges the Controlling Officer to ensure that contracts should only be signed upon the province receiving funds from the Treasury in order to avoid the continued loss of funds by the Government arising from administrative lapses. Your Committee resolves to await a progress report on the full recovery of the advance from the contractor.

## **OFFICE OF THE PRESIDENT - NORTH WESTERN PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 84**

PROGRAMMES : General Deposit Account

ACTIVITIES : Various

### **Accounting and Other Irregularities – General Deposit Account**



84. An examination of accounting and other records maintained at the Provincial Administration and physical verification of projects carried out in April and May, 2016, revealed various weaknesses to which the Controlling Officer responded as set out below.

**a) Misapplication of Funds – K831,544**

The Controlling Officer submitted that the funds were borrowed for office operations. Out of the K831,544 borrowed, K15,300 had since been refunded and the balance of K816,244 would be paid back when adequately funded by Ministry of Finance.

**Committee's Observations and Recommendations**

Your Committee is alarmed at the continued misapplication of colossal sums of funds at the province with impunity. This conduct contravenes both the *Public Finance Act of 2004* and the *Appropriation Act of 2014*. Your Committee urges the Controlling Officer to ensure that all the funds are reimbursed and applied to the budgeted for activities in line with the *Appropriation Act of 2014*. Your Committee resolves to await a progress report on the full recovery of the funds.

**b) Payment of Overtime Allowance Outside the Payroll – K10,498**

The Controlling Officer submitted that management had taken note and would ensure that this does not recur. The recovery of the tax component on the officer's overtime allowance had been effected through the payroll.

Measures had since been put in place to ensure that overtime allowance was not paid outside the payroll.

### **Committee's Observations and Recommendations**

Your Committee notes with alarm that this irregularity is an indicator of weak supervision at the provincial office. It is shocking that responsible officers allowed such a payment outside the payroll. Your Committee urges the Controlling Officer institute disciplinary action against the responsible officers in addition to the recovery of the tax component. Your Committee resolves to await a progress report on the matter

#### **c) Questionable Air Travel – K10,751**

The Controlling Officer submitted that expenditure could not be said to be questionable because it was done in the interest of efficiency and effectiveness as was always the practice by Ministers and Controlling Officers covering such long distances. Instead of spending almost half a day travelling, arrangements were made for drivers to leave in advance as the concerned officers remained in office attending to various pressing office matters.

He noted that flying between Solwezi and Lusaka took only one hour while travelling by road took an average of ten hours. Besides, officers at the level of Ministers and Permanent Secretaries were entitled to the best mode of transport for local travel and business class for foreign travel. This practice under discussion was obtaining in all MPSAs for the reasons stated above.

## **Committee's Observations and Recommendations**

Your Committee is disappointed that the Controlling Officer is justifying abuse of public funds in this case. It is disheartening that despite being censured by your previous Committee regarding this matter, the Controlling Officer has continued with this practice. Your Committee contends that using both modes of transport constitutes wasteful expenditure which must stop forthwith. Your Committee urges the Controlling Officer to use one mode of transport that is either air or road transport, whenever travelling for duties outside the province. Additionally, the amount involved in this case must be deducted from the Controlling Officer within a reasonable period. Your Committee awaits a progress report on the full recovery of the funds.

### **d) Construction of Kasempa Meteorological Office – K248,066**

#### **i) Payment of VAT to a Non – Registered Supplier**

The Controlling Officer submitted that the contractor had been written to informing him that since the company was not registered for value added tax (VAT) the amount owing totalling to K33,823.93 would not be paid as it would be used to offset the VAT component.

## **Committee's Observations and Recommendations**

Your Committee is disappointed that the provincial office entered into transactions without carrying out due diligence on the tax compliance of the company. Your Committee is of the view that this omission was deliberately orchestrated by officers with improper interest in the transaction as procurement procedures are clear regarding the need for tax compliance. Your Committee, therefore, calls for disciplinary action to be taken against all officers responsible for this omission. Further, your Committee directs that control measures be instituted to avert recurrence of such irregularities. Your Committee resolves to await a progress report on the matter.

### **ii) Poor Workmanship**

The Controlling Officer submitted that the contractor had since been informed that he had forfeited the retention by failing to attend to the defects which were brought to his attention during the defect liability period. The forfeited retention amount would be used to attend to the defects identified.

## **Committee's Observations and Recommendations**

Your Committee expresses concern that there is poor monitoring of projects in the province which has culminated into poor workmanship and the defects not being attended to. Further, the matter was only

followed up by the province after the audit process. Your Committee urges the Controlling Officer to scale up monitoring of projects to avoid the recurrence of the irregularity. Your Committee resolves to await a progress report on the matter.

**e) Construction of Chiefs Palaces – K1,478,540**

**i) Contract for the Supply of Building Materials - K73,420**

The Controlling Officer submitted that the supplier was instructed by the office to be delivering building materials upon request in phases because of poor storage facilities at the site in order to reduce on damages experienced in the recent past.

The supplier had so far delivered materials worth K34,570 to the sites out of the queried sum of K73,420 leaving a balance of K34,570 to be delivered on demand. The delivery notes were available for verification.

**Committee’s Observations and Recommendations**

Your Committee wonders why this explanation was not given to the auditors and calls for disciplinary action against officers who failed to provide it at the appropriate time. Your Committee resolves to await a progress report on matter.

**ii) Construction of Chieftainess Ikelenge’s Palace – K158,920**

- **Wastage of Cement**

The Controlling Officer submitted that the cement had shown signs of caking as a result of poor storage conditions because of the failure by the community to provide storage of materials as per guidelines from the Ministry of Chiefs and Traditional Affairs on the Construction of Chiefs' Palaces in Zambia. Currently, the contractor was on site executing the works.

- **Abandoned Works**

The Controlling Officer submitted that the building materials had run out at the time of inspection. The contractor had since gone back on site and works had since resumed.

### **Committee's Observations and Recommendations**

Your Committee notes with regret the *laissez-faire* attitude by the provincial office in the monitoring of the construction of chiefs' palaces in the province. It is disheartening that not only have works stalled but materials are also being poorly managed resulting in wastages. Your Committee urges the Controlling Officer to strengthen supervision and enhance storage of the building materials so that the works are

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

**iii) Delay in completion of Chief Kalilele’s Palace – K100,457**

The Controlling Officer submitted that the delay was as a result of failure by the community to provide their material contributions as per guidelines from the Ministry of Chiefs and Traditional Affairs on the construction of chiefs’ palaces in Zambia. The contractor was currently on site and work had since progressed. The project was at wall plate level.

**Committee’s Observations and Recommendations**

Your Committee notes with regret the *laissez-faire* attitude by the province in the monitoring of the construction of chiefs’ palaces in the province. It is disheartening that not only have works stalled but also that materials are being poorly managed. The Controlling Officer is urged to strengthen supervision so that the works are completed on schedule. Your Committee resolves to await a progress report on the status of works.

**SOUTHERN PROVINCE**

**AUDIT QUERY**

**PARAGRAPH 85**

PROGRAMME : General Administration

ACTIVITIES : Various

## **Accounting and other Irregularities**

85. An examination of accounting and other records maintained at the Provincial Administration carried out during the period from March to July, 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

### **a) Misapplication of Funds – K148,123.81**

The Controlling Officer submitted that amounts totaling K148,123.81 meant for General Administration were applied on unrelated activities such as Presidential Visits. In view of the above, frantic efforts were being made to ensure that the funds were reimbursed or normalised as soon as possible. Furthermore, a letter had since been written to the Treasury and submitted Expenditure Returns to Cabinet Office in support of the request and the outcome was still being awaited.

## **Committee's Observations and Recommendations**

Your Committee notes with concern the action by the Provincial Administration in varying funds without seeking prior approval from the Treasury. This action is also at variance with the provisions of the *Appropriation Act of 2014*. The Controlling Officer is urged to desist from this practice but endeavor to follow laid down legal provisions, failure to which it will be recommended that he be surcharged. All the funds



misplaced must be refunded so that the planned activities can be carried out. Your Committee resolves to await a progress report on the full recovery of the funds.

**b) Failure to Remit Tax – K158,058.00**

The Controlling Officer informed your Committee that efforts were being made to clear the unremitted tax once funding improved. Currently, there was erratic funding since the beginning of the year. The situation was similar in 2016.

**Committee’s Observations and Recommendations**

Your Committee is disappointed that the Provincial Administration has only instituted recoveries without taking any disciplinary against the erring officers. It is the considered view of your Committee that there is no reasonable cause why PAYE a direct tax, was not remitted since it was collected from the employees. The Controlling Officer is urged implore payroll management in order to avoid the recurrence of this and other payroll related queries. Your Committee resolves to await a progress report on the full remittance of the funds to ZRA.

**c) Unaccounted for Funds – K110,090.00**

The Controlling Officer submitted that efforts were made to clear the outstanding balance of K110, 090.00 which was spent on unrelated activities so that the affected retired and deceased employees were paid.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that funds meant for retired and deceased officers were utilized on other unrelated activities by the Provincial Administration. Your Committee is alive to the fact that retirees are made to wait for long periods for them to access their terminal benefits. The action by the Provincial Administration is most inconsiderate considering that and families of the deceased officers have no other source of income for their welfare. Your Committee urges the Controlling Officer to desist from this practice forthwith, failure to which your Committee will recommend that he be surcharged. Further, the Controlling Officer must ensure that the funds are re-imbursed under dismantling of arrears during the 2017 financial year. Your Committee resolves to await a progress report on the full recovery of the funds and payment to the retired officers.

#### **d) Unretired Accountable Imprest – K12,000.00**

The Controlling Officer submitted that out of the K12,000.00 unretired imprest, an amount of K10, 000.00 had been retired, leaving a balance of K2,000.00 for which recoveries were instituted against the officer through the payroll.

### **Committee's Observations and Recommendations**

Your Committee is disappointed that officers at the Provincial Administration continue to conduct themselves in total disregard of the Financial Regulations with impunity. This has been so because management at the province has laxity in its supervision of the officers. It is worth noting that whereas the retirement of K10,000.00 has been purportedly made, no disciplinary action has been taken against the erring officers. This situation is unacceptable and the conduct of the officers must improve forthwith. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers forthwith. In addition, supervision must be enhanced over all accounting staff in order to avoid recurrence of the query. Your Committee resolves to await a progress report on the matter.

**e) Irregular Payment of Overtime Allowances – K47,917.00**

The Controlling Officer regretted that contrary to Cabinet Office Circular No.11 of 2013, his office paid overtime outside payroll. It was stated that in complying with the Cabinet Office Circular No.11 of 2013, his office had never processed such payments since then.

**Committee's Observations and Recommendations**

Committee finds the admission by the Controlling Officer for flouting Cabinet Office Circular No.11 of 2013 unacceptable. It is unheard of that allowances are paid outside the payroll thereby, not being subjected to taxation. Your Committee urges the Controlling Officer to desist from authorising payments without due regard to clearly defined guidelines,

failure to which your Committee will recommend that the Controlling Officer be surcharged. Additionally, deductions must be instituted in order for the matter to be normalised. Your Committee resolves to await a progress report on the full recovery of the funds.

## **SOUTHERN PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 86**

PROGRAMME : General Deposit Account (GDA)

ACTIVITIES : Various

### **Accounting and other Irregularities**

86. An examination of accounting and other records maintained at the Provincial Administration and physical inspection of projects carried out during the period from March to August, 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

#### **a) Misapplication of Funds – K191,671.00**

The Controlling Officer informed your Committee that at the time of audit, amounts totaling K191,671.00 were applied on unrelated administrative activities such as workshops, leave terminal benefits, utility bills and accommodation. He further stated that amounts totaling K191,671.00 were reimbursed on cheque No. 016810 dated 14<sup>th</sup> June, 2016 and cheque no.017066 dated 4<sup>th</sup> August, 2016.

### **Committee's Observations and Recommendations**

Your Committee notes that whereas the misapplied funds have since been reimbursed, this does not address the fact that the action of varying funds without seeking prior approval from the Treasury is a serious violation of the *Appropriation Act of 2014*. The Controlling Officer is urged to desist from this practice but endeavor to follow laid down legal provisions failure to which surcharge will be recommended. Your Committee resolves to close the matter subject to audit verification.

**b) Failure to Remit Tax to ZRA – K46,890.30**

The Controlling Officer submitted that tax amounting to K46,890.30 could not be remitted to Zambia Revenue Authority (ZRA) due to inadequate funding at the office. He reiterated that once funding improved at the office, the taxes would be remitted accordingly.

**Committee’s Observations and Recommendations**

Your Committee finds the reasons advanced by the Controlling Officer for the delay to remit PAYE unacceptable. It is further disappointing that the Provincial Administration has not instituted disciplinary action against the erring officers. It is the considered view of your Committee that PAYE should be promptly remitted to ZRA as it is collected from employees. Your Committee urges the Controlling Officer to improve payroll management in order to avoid recurrence of the query and take disciplinary action against

the erring officers. Your Committee resolves to await a progress report on the full remittance of the statutory obligations to ZRA.

**c) Unretired Accountable imprest – K76,833.00**

The Controlling Officer submitted that the imprest had since been retired and the documents were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee is disappointed that officers at the Provincial Administration continue to conduct themselves in total disregard to laid down financial regulations and with impunity. This is so because the management at the province has been lax in its supervision of the officers. It is worth noting that whereas the K76,833.00 has purportedly been retired, no disciplinary action has been taken against the erring officers. Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers forthwith. In addition, supervision must be enhanced on accounting staff in order to avoid the recurrence of the query. Your Committee resolves to seek a progress report on the matter.

**d) Construction of culverts at Mulila- Mponde – Chief Macha’s Area**

The Controlling Officer submitted that it was regrettable that at the time of audit the temporary deviation culvert had not been demolished to allow free flow of water. However, Zambia National Service had been asked to demolish the temporary deviation culvert at Mulila- Mponde.

## **Committee's Observations and Recommendations**

Your Committee expresses concern that the Provincial Administration only attempted to take action after the audit findings. This is despite the fact that the matter should have been attended to at the time of construction of the new culverts. Your Committee urges the Controlling Officer to follow up the matter with the Zambia National Service so that the temporary culvert is demolished to allow easy flow of water. Your Committee resolves to await a progress report.

### **e) Construction of Chiefs' Palaces**

#### **i) Irregular Charge of VAT**

The Controlling Officer submitted that all contract sums for the construction of chiefs' palaces were VAT exclusive as submitted by the contractors. However, when the contractors were written to on awarding of contracts, the VAT component was erroneously included which was an error his part. The error had since been rectified.

## **Committee's Observations and Recommendations**

While noting the clarification by the Controlling Officer, your Committee expresses concern that the provincial administration only took action after the audit findings. This is despite the fact that the contract was generated with their input. Your Committee urges the Controlling Officer

to be meticulous when dealing with contractual matters, in order to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**ii) Over Expenditure on Administrative expenses – K33,094.00**

The Controlling Officer reported that the over expenditure on administrative expenses in an amount of K33,094.00 had since been reimbursed on cheque No. 017066 dated 04.08.2016.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Provincial Administration only corrected the situation after the audit findings. Your Committee urges the Controlling Officer to desist from varying funds without prior authorization. Your Committee resolves to close the matter subject to audit verification.

**iii) Lack of Expenditure Details – K831,725.00**

The Controlling Officer submitted that the expenditure details in respect of K831,725 in relation to the funds meant for the construction of chiefs' palaces were available and ready for audit verification.

**Committee's Observations and Recommendations**

Your Committee closes the matter subject to audit verification.



## **f) Construction of Chief Chona's Palace**

### **i) Failure to Provide Contract for the Supply of Building Materials- K501,000 Hansens Contractors and General Dealers**

The Controlling Officer submitted that the contract for the supply of building materials could not be availed to the auditors at the time of audit because the contract papers were in Lusaka at Ministry of Justice for clearance. However, the contract papers were currently available and ready for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds the reasons advanced for the inability to avail the documents at audit process unacceptable. Your Committee is alive to the fact that it is standard practice to always keep a third copy file for purposes such as auditing. Your Committee urges the Controlling Officer is urged to ensure that documents are always available to avoid the re-occurrence of the query. Your Committee resolves to close the matter subject to audit verification.

### **ii) Physical inspection**

The Controlling Officer submitted that it was true that at the time of audit the building was partially roofed while works such as internal and external plastering, flooring, glazing, painting, electrical fittings, soak

ways, and plumbing were still outstanding. However, the Ministry of Chiefs and Traditional Affairs had not yet released funding for the completion of chiefs' palaces.

### **Committee's Observations and Recommendations**

Your Committee notes with regret that the Provincial Administration has not made efforts to pursue the release of the outstanding balance by the Ministry of Chiefs and Traditional Affairs. Your Committee urges the Controlling Officer to follow up the matter with the Ministry of Chiefs and Traditional Affairs so that the outstanding works can be completed without any further delay. Your Committee resolves to await a progress report on the matter.

#### **g) Construction of Chieftainess Choongo's Palace – K500,995.00**

The Controlling Officer submitted that Rodian Enterprise Limited was engaged to supply and deliver building materials for the construction of the palace at a total sum of K500,995 (VAT inclusive). However, the contract sum had since been corrected since the supplier was not registered for VAT.

The contract for the supply of building materials could not be availed to the auditors at the time of audit because the contract documents were in Lusaka at the Ministry of Justice for clearance. However, the contract papers were currently available and ready for audit verification.

### **Committee's Observations and Recommendations**

Your Committee finds the reasons advanced for the inability to avail the documents at audit process unacceptable. Your Committee is alive to the fact that it is standard practice to always keep a third copy file for purposes such as auditing. Your Committee urges the Controlling Officer to ensure that documents are always available to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

#### **h) Construction of Chieftainess Mwenda's Palace**

##### **i) Failure to provide Contract for the Supply of Building Materials-K577,711 Builders Joy Hardware and Electrical Ltd**

The Controlling Officer submitted that the contract for the supply of building materials could not be availed to the auditors at the time of audit because the contract documents were in Lusaka at Ministry of Justice for clearance. However, the contract papers were currently available and ready for audit verification. On the VAT component of the contract. Your Committee was informed that the contract sum was VAT inclusive.

#### **Committee's Observations and Recommendations**

Your Committee finds the reasons advanced for the inability to avail the documents at audit process unacceptable. Your Committee is alive to the fact that it is standard practice to always keep a third copy file for purposes such as auditing. The Controlling Officer is urged to ensure

that documents are always available to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**ii) Physical Inspection**

The Controlling Officer submitted that the works on the chief's palace had not progressed because Ministry of Chiefs and Traditional Affairs had not yet released funds for the remaining works.

**Committee's Observations and Recommendations**

Your Committee notes with regret that the Provincial Administration has not made efforts to pursue the release of the outstanding balance by the Ministry of Chiefs' and Traditional Affairs. Your Committee urges the Controlling Officer follow up the matter with the Ministry of Chiefs and Traditional Affairs so that the outstanding works are completed without any further delay. Your Committee resolves to await a progress report on the matter.

**SOUTHERN PROVINCE**

**AUDIT QUERY**

**PARAGRAPH 87**

PROGRAMME : Personal Emoluments

ACTIVITIES : Various

**Accounting and other Irregularities**

87. An examination of accounting and other records maintained at the Provincial Administration and selected districts carried out in March and August 2016 revealed various weaknesses, to which the Controlling Officer responded as set out below.

**a) Employees on Payroll (PMEC) but not at the station**

The Controlling Officer submitted that the five employees were all transferred from the Provincial Administration to other Government ministries and provinces. However, out of the five officers one officer had since been transferred from the Provincial Administration payroll to Ministry of Health.

For the remaining officers, payroll transfers to their respective stations would be effected when positions were available on PMEC at their respective stations.

It was explained that the Province could not block a salary or remove an employee who was actively rendering service to the Government at another station from the payroll.

**Committee's Observations and Recommendations**

Your Committee notes with regret that officers on the payroll at the Provincial Administration were not at the station but rendering the service in other departments. This state of affairs means that there are vacancies at the Provincial Administration which cannot be filled by appropriate staff, thereby

depriving the station of the much needed human resource. Your Committee urges the Controlling Officer to follow up the matter with the Public Service Management Division so that the situation can be rectified without any further delay. Further, your Committee urges the Public Service Management Division to take keen interest in this situation generally and develop a system which will allow for efficient correspondence between physical and PMEC transfers. Your Committee resolves to await a progress report on the matter.

**b) Failure to Update Payroll- Starters and Leavers**

The Controlling Officer submitted that the information which produced the huge variation was derived from outdated Staff Returns for the year 2014, the Human Resources and Administration (HRA) Unit did not have updated Staff Returns for 2015 because these were still being compiled. He stated that Payroll data was to a large extent correct and updated that was why a variation was noticed. The HRA Unit had since updated the Staff Returns for the Provincial Administration and it is ready for audit verification.

**Committee's Observations and Recommendations**

Your Committee notes with regret that the Provincial Administration had not updated the payroll at the time of the audit. Your Committee contends that the failure to update the payroll may result in the non-detection of ghost workers. Your Committee strongly urges the Controlling Officer to ensure that the payroll is updated on a regular basis to avoid the recurrence of the

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

**c) Failure to Remove Retired or Deceased Officers from payroll - K  
332,907.00**

The Controlling Officer regretted that the anomaly was not observed promptly. However, the retired or deceased officers had since been removed from the payroll and the overpayment would be deducted from their respective terminal benefits.

**Committee's Observations and Recommendations**

Your Committee contends that the anomaly arose due to the fact that the payroll was not being updated on a regular basis. Your Committee strongly urges the Controlling Officer to ensure that the payroll is updated on a regular basis henceforth to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**d) Officers with Duplicate National Registration Card on Pay slips - K  
204,335.00**

The Controlling Officer submitted that the officers mentioned in the report had never shared duplicate national registration cards on pay slips. Their pay slips were attached from the time the audit was conducted.

**Committee's Observations and Recommendations**

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

**e) Non Recovery of Salary Advances-K171,941.00**

The Controlling Officer submitted that it was regrettable that some salary advances were not recovered at the time of audit. However, recoveries had since been effected and running on their pay slips. For easy of reference, a report from PMEC of a summary of recoveries and pay slips for respective officers from Control 98 was available for verification.

**Committee's Observations and Recommendations**

Your Committee notes with regret that the Provincial Administration only took action after the findings by the auditors. This points to poor supervision and the fact that the officers charged with this responsibility are negligent in their work. Your Committee urges the Controlling Officer to institute disciplinary measures against the erring officers in order to avoid the recurrence of the query. Your Committee resolves to close the matter subject to audit verification.

**SOUTHERN PROVINCE**

**AUDIT QUERY**

**PARAGRAPH 88**

PROGRAMME : Poverty Reduction Programme (PRP)

ACTIVITIES : Various



## **Accounting and other Irregularities**

88. An examination of accounting and other records maintained at the Provincial Administration and physical inspection of selected projects carried out in March and August revealed various weaknesses, to which the Controlling Officer responded as set out below.

### **a) Misapplication of Funds**

#### **i) Failure to transfer and account for RRU funds – K428,046.00**

The Controlling Officer submitted that funds meant for the Rural Roads Unit totaling K428, 046.00 were received after the Zambia National service had taken over Rural Roads Unit. It was also reported that his office had a challenge in mobilising the equipment to do the grading of Namatama-Natebe Rural Road in Livingstone since all the equipment was taken over by Zambia National Service. However, his office was making frantic efforts to reimburse the funds which were applied on unrelated activities such as PDCC meetings and reimbursement of funds to the General Deposit Account.

### **Committee's Observations and Recommendations**

Your Committee finds the misapplication of funds meant for the Rural Roads Unit unacceptable given the state of the rural roads in the province. Additionally, the action is not only at variance with the provisions of the

*Appropriation Act of 2014* but also *Financial Regulation No. 31 (1)*. The action clearly shows that the Controlling Officer does not prioritise programmes that are meant to uplift the living conditions of the citizens in the province. Your Committee directs the Controlling Officer to ensure that the funds were reimbursed in full before the end of the 2017 financial year and sternly warns him to desist from such conduct forthwith. Your Committee resolves to await a progress report on the full reimbursement of the funds.

**ii) Misapplication of funds – K588,522.00**

The Controlling Officer submitted that funds amounting to K588,522 which were meant for grading Namatama-Natebe rural road and rehabilitation of GRZ buildings were misapplied. However, funds would be reimbursed when funding normalised so that various affected projects would be implemented.

**Committee's Observations and Recommendations**

Your Committee is dismayed that funds meant for infrastructure development and forest protection, among other things, were used for unrelated activities such as settling in allowances, leave terminal benefits and repatriation, among others. This action is not only at variance with the provisions of the *Appropriation Act of 2014* but also *Financial Regulation No. 31 (1)*. The action also shows that the Controlling Officer does not prioritise programmes that are meant to uplift the living conditions of the citizens in the Province. Your Committee urges the Controlling Officer to ensure that the funds were reimbursed in full before the end of the 2017

financial year and sternly warns him to desist from this conduct forthwith. Your Committee resolves to await a progress report on the full reimbursement of the funds.

**b) Rehabilitation of a Community Hall that was not Budgeted For**

**i) Irregular charge of VAT – K9,900.00**

The Controlling Officer regretted that the contractor irregularly charged VAT when in fact he was not VAT registered. However, the contractor had since been written to in an effort to rectify the anomaly and he acknowledged this by revising his contract sum accordingly. The VAT component of K9,900.00 would be deducted from the remaining balance since the contractor had not been paid in full.

**Committee’s Observations and Recommendations**

While noting the clarification by the Controlling Officer, your Committee expresses concern that the Provincial Administration only took action after the audit findings despite the fact that the contract was generated with input from that office. Your Committee urges the Controlling Officer to be meticulous when dealing with contractual obligations in order to avoid possible loss of public funds. Your Committee resolves to close the matter subject to audit verification.

**ii) Physical Inspection the Rehabilitated Community Hall**

The Controlling Officer submitted that the poor workmanship was due to the fact the contractor was initially supposed to correct the same works but since the funds were not adequate he could not complete the works accordingly. The remaining works would be completed once funding was received for the project.

### **Committee's Observations and Recommendations**

While noting the clarification by the Controlling Officer, your Committee is disappointed that the Provincial Administration has not made any efforts to seek funding from the Treasury for the remaining works to be completed. Your Committee urges the Controlling Officer to pursue funding for the project so that the outstanding works can be completed without any further delay. Your Committee resolves to await a progress report on the matter.

## **SOUTHERN PROVINCE**

### **AUDIT QUERY**

### **PARAGRAPH 89**

PROGRAMME : Operations and Equipment Maintenance  
Infrastructure Development

ACTIVITIES : Various

### **Accounting and other Irregularities**

89. An examination of accounting and other records maintained at the Provincial Administration and inspection of assets and projects carried out in March and July

revealed the various weaknesses, to which the Controlling Officer responded as set out below.

**a) Misapplication of Funds – K262,482.96**

The Controlling Officer submitted that amounts totaling K 262,482.96 were applied on unrelated activities. However, his office had since written to the Secretary to the Treasury for authority to normalise the expenditure of the funds.

**Committee’s Observations and Recommendations**

Your Committee finds the misapplication of funds meant for Rural Road Unit unfortunate given the state of the rural roads in the Province. Additionally, the action is not only at variance with the provisions of the *Appropriation Act of 2014* but also Financial Regulation No. 31 (1). The action clearly shows that the Controlling Officer attaches little importance to the Rural Roads Programmes, which is meant to uplift the living conditions of the citizens in the province. Your Committee urges the Controlling Officer to ensure that the funds are reimbursed in full before the end of the 2017 financial year and sternly warns him to desist from such conduct. Your Committee resolves to await a progress report on the full reimbursement of the funds.

**b) Failure to Remit Tax to ZRA – K61,869.16**

The Controlling Officer submitted that the total amount of K61,869.16 deducted as Pay As You Earn (PAYE) from payments made to two officers would be remitted to Zambia Revenue Authority when funding normalised.

### **Committee's Observations and Recommendations**

Your Committee finds the non remittance of statutory obligations unacceptable. It is disappointing that the Provincial Administration has not instituted disciplinary action against the erring officers. It is the considered view of your Committee that PAYE, being a direct tax, must be remitted to ZRA promptly as it is actually collected from the employees. Your Committee urges the Controlling Officer to improve supervision of the payroll management in order to avoid the recurrence of the query. Your Committee resolves to await a progress report on the full remittance of the statutory obligations to ZRA.

#### **c) Questionable Procurement**

The Controlling Officer submitted that the turbo charger had been collected from the store room by the responsible ZNS officer and it would be fitted on the Motor Vehicle Toyota Hilux GRZ 367 CJ. Further, he stated that the contract to procure the turbo charger was entered into during the month of April, 2015 on Purchase Order 0337065 JD. In the same month the supplier delivered the turbo charger. It was for this reason that his office could not cancel the contract because the Rural Roads Unit was still under the Provincial Administration and his office had committed itself though the

payment was done in November, 2015. The contract was available at the time of the audit and was still available for audit verification.

### **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Controlling Officer to follow up the matter with the Zambia National Service in order for the turbo charger to be fitted. Your Committee resolves to await a progress report on the matter.

## **PART III**

### **FOREIGN TOUR REPORT FOR THE PUBLIC ACCOUNTS COMMITTEE TO UGANDA**

Your Committee undertook a benchmarking foreign tour to Uganda pursuant to its programme of work for the First Session of the Twelfth National Assembly. The specific objectives of the tour were as follows:

- i) understand the powers, immunities and general operations of the Ugandan Public Accounts Committee;
- ii) appreciate the *modus operandi* of the Ugandan Public Accounts Committees regarding consideration of outstanding issues arising from the Report of the Public Accounts Committee; and
- iii) understand the role of the Supreme Audit Institution (SAI) in the consideration and resolution of outstanding issue.

During the tour, your Committee interacted with institutions and individuals stated hereunder.

- i) Deputy Speaker;
- ii) Public Accounts Committee;
- iii) Auditor General's Office;
- iv) Clerk of the National Assembly;
- v) Local Government Accounts Committee;
- vi) Accountant General's Office; and
- vii) Internal Auditor General.

Arising from the tour, it was established that the system of making recommendations by the legislature and the subsequent responses by the Executive by way of Treasury Minutes is similar to the procedure undertaken in Zambia, save for the period taken to table such reports as well as other requisite procedures such as the involvement of the Auditor General before the tabling of Treasury Minutes at the National Assembly. Prominent among the major reforms in public financial management in Uganda was the revision of the *Public Finance and Management Act* in 2015 which has strengthened financial regulations.



Following the deliberations that ensued, below were the Committee's major findings arising from the tour.

- a) The Ugandan Parliament has three accountability committees i.e. the Public Accounts Committee, the Committee on Statutory Authorities and State Enterprises and the Local Government Accounts Committee which provide post budget oversight to the Central, Parastatals and Commissions and Local Governments respectively. The respective Chairpersons for the Accounting Committees are from the main opposition party in parliament.
- b) The Auditor General is accountable to Parliament and the Presidency is delinked from the reporting framework.
- c) The Ugandan Parliament has established Sessional Committee's whose mandate is to provide sector analysis at formulation and implementation stages of the National Budget.
- d) The Police Criminal Investigations Department (CID) constitute part of the Public Accounts Committee whose mandate is to identify and initiate litigation for all criminal cases arising from the committees public hearings. The officers are also empowered to detain uncooperative witnesses as well as those who failed to avail the required information and documents before the Committee.
- e) Uganda's development is anchored on democratic decentralisation.
- f) The audit scope for the central government by the Auditor General is 100% in all the financial years.
- g) The Accounting Officers i.e. Controlling Officers submit actions taken on outstanding PAC recommendations together with the memoranda's responding to the AGs Report for the respective financial year.

- h) The PAC in collaboration with the Ministry of Finance undertakes workshops with the Accounting Officers at the beginning of every financial year in order to review the various challenges faced in the audit report as well as during the execution of their mandate.
- i) *The Public Finance Management Act of 2015* provides for the Treasury Minute to be tabled before the National Assembly within six (6) months after the PAC Report has been adopted by the House. The Treasury Minute is thereafter forwarded to the Auditor General for validation before its tabling.
- j) Matters of criminality contained in the report of the Auditor General are not statute barred thereby remaining outstanding until they are resolved.
- k) Article 164 of the Ugandan Constitution gives Accounting Committees the mandate to summon concerned retired or transferred civil servants to account for queries cited in the Report of the Auditor General.
- l) The Ugandan Constitution under Article 164 (2) has granted judicial powers to the Public Accounts Committee to order the recovery of money misappropriated arising from the Auditor General's Report which are reported to the PAC every financial year. For instance, in the 2014\2015 financial year, arising from PAC recommendations, a total of UGX 600 Billion Ugandan Shillings (US\$ 16, 693, 5000) was recovered from queried institutions.
- m) The Inspectorate of Government prosecutes public service officers found wanting as recommended by the PAC in its report on the AG's Report.
- n) The Public Accounts Committee is empowered to recommend the removal of an Accounting Officer whose financial statements are qualified for that financial year.

- o) The Secretariat to the PAC includes a researcher, a legal officer and other officers who provide professional advice to the Committee.
- p) Sub Warrant Holders from Government institutions appear before PAC as separate entities.
- q) the Office of the Internal Auditor General domiciled at the Ministry of Finance was established following the revision of the *Public Finance Management Act in 2015* to strengthen internal controls in the central Government.
- r) The revised *Public Finance Management Act of 2015* has granted power to the Secretary to the Treasury to surcharge Accounting Officers who fail to avail information to the auditors at audit process.

Following the Committees findings, the following recommendations are made:

1. The Committee is alive to the fact that the *Public Finance Act of 2004* and the *Planning and Budgeting Bill* are currently under review. Arising from the foregoing, the following is recommended for inclusion in the revised Public Finance Act.

- The Treasury Minutes must contain consolidated amounts recovered by the Treasury arising from the recommendations made by the Public Accounts Committee. Further the Secretary to the Treasury is being urged to provide adequate funding in order for Treasury Minutes to be tabled within 60 days unlike the current scenario where there is a backlog on Treasury Minutes.
- Sub-Warrant Holders appointed by Controlling Officers must be summoned as separate entities in order for them to account before the

Committee as opposed to the Controlling Officers of the Ministry's under their portfolio.

- The Office of the Controller of Internal Audit must be strengthened and its equivalency must be that of Permanent Secretary in line with the Institute of Internal Auditors best practices. In addition, the general structure of internal audit must mirror the structure of accountants in all MPSA's. This will foster accountability in the public sector.
- Controlling Officers who fail to act on the reports by internal auditors in all MPSA's must be surcharged without hesitation. This will undoubtedly reduce the number of queries contained in the report of the Auditor General.
- The Secretary to the Treasury as the Chief Controlling Officer must be empowered to remove and appoint Controlling Officers who flout financial regulation.

- 2) Chairpersons for all Accounting Committees i.e. the Public Accounts Committee, and the newly established Committees on Parastatals and Local Government Accounts Committee which provide post budget oversight must be from the opposition in order to strengthen the oversight role of Parliament in public financial management.
- 3) The Office of the Auditor General must be adequately funded in order to have 100% audit for the central Government as opposed to the sampling of institutions due to staff inadequacy and low funding. Additionally, complimentary officers such as the Controller of Internal Audit and the Accountant General must also be adequately funded.

- 4) All matters of criminal nature contained in the Report of the Auditor General and reported to investigative wings should not be statute barred until their logical conclusion.
- 5) The Government must table the planning and budgeting bill, as a matter of extreme urgency, in order for the legislative arm of government to have a role at the formulation, approval and implementation stages of the budget process.
- 6) The enacted *Public Audit Act of 2015* must be implemented as a matter of extreme urgency in order to actualise the autonomy and strengthened role of the National Audit Office in the financial cycle of the country.
- 7) In an effort to expeditiously deal with outstanding issues, the Committee strongly recommends that during the subsequent consideration of all reports of the Auditor General, the Controlling Officers shall submit actions taken on outstanding PAC recommendations together with the memoranda's responding to the AGs Report for the respective financial year.
- 8) The Treasury should undertake workshops with the Controlling Officers at the beginning of every financial year in order to review the various challenges faced in the audit report as well as during the execution of their mandate.

## **PART IV**

### **GENERAL OBSERVATIONS AND RECOMMENDATIONS**

Arising from the consideration of the Report of the Auditor General on the Accounts of the Republic for the Year Ended 31<sup>st</sup> December, 2015, your Committee makes the General Observations and Recommendations stated hereunder.

- i) Your Committee expresses concern that the anticipated tabling of the Planning and Budgeting Bill as a separate piece of legislation from the *Public Finance Act of 2004*, which is also under review may result in duplication of provisions which may negate the objectives of consolidating laws for effective public financial management.

Your Committee strongly recommends that the Planning and Budgeting Bill and the *Public Finance Act of 2004*, be synchronized and harmonised into one strong piece of legislation, in line with the practice in other jurisdictions, for effective public financial management.

- ii) Your Committee notes that the numerous queries contained in the Report of the Auditor General are mainly attributed to lack of understanding and appreciation of the financial legal regime by most Controlling Officers.

Your Committee recommends that a comprehensive induction programme be conducted at the commencement of every financial year for all Controlling Officers as well as the Sub-Warrant Holders on the general provision of the *Public Finance Act, the Financial Regulations, Public Stores Regulations, Public Procurement Regulations* and other administrative issues. This should include representation from key institutions such as the Zambian Public Procurement Authority (ZPPA), Auditor General's Office, Ministry of Finance and Cabinet Office among others. In addition, the appointing authority should

consider relevant qualifications when appointing permanent secretaries and subsequently Controlling Officers to avoid the continued increase in irregularities.

- iii) Your Committee expresses concern with the dual appointment of the Permanent Secretaries by the President and the subsequent appointment by the Secretary to the Treasury as Controlling Officers. In most instances, the Treasury is limited in exercising its powers to institute corrective actions against erring Controlling Officers.

Your Committee recommends that the Secretary to the Treasury should exercise powers conferred on him as the Chief Controlling Officer by the *Public Finance Act* to ensure that erring Controlling Officers are surcharged when they contravene financial regulations without hesitation.

- iv) Your Committee notes with concern that the non mentioning of erring officers from Ministries, Provinces and other Spending Agencies who flout clearly provided financial regulations and guidelines has contributed to the continued increase in the number of queries in successive Reports of the Auditor General on the Accounts of the Republic. This concern has equally been raised by various state and non state actors in public financial management.

Your Committee is of the strong view that the “name and shame” crusade be incorporated in future Reports in an effort to reduce the number of irregularities in the management of public resources.

- v) Your Committee observes that there is a strong relationship between low funding from the Treasury and the number of queries by MPSA's. It is disheartening that in the financial year under review, releases were averaging 25-35 percent, which ultimately triggered the misapplication of funds.

Your Committee recommends that funding by the Treasury must be commensurate with the budgeted for activities in line with the appropriation act. In addition, the Output Based Budget currently being piloted at the Ministry of Education must be rolled out to all MPSA's without any further delay.

- vi) Your Committee expresses concern with the long procedure for instituting disciplinary actions against erring officers in MPSA's. Most Controlling Officers lamented that their powers were limited in disciplining officers due to the long procedure.

Your Committee recommends, as a matter of extreme urgency, that the current Disciplinary Code and procedures for handling offences in the Public Service must be revised without any further delay in order to ease, their implementation and enforcement against officers who flout financial regulations and guidelines.

- vii) Your Committee expresses concern that whereas the existing pieces of legislation such as the *Public Finance Act*, *Financial Regulations* and other related laws have adequate provisions in so far as detailing procedures in the general management of public funds, it is regrettable, however, that most of the provisions have not been complied with in most instances. A case in point is the continued delay in tabling of the Financial Report for the Republic to the National Assembly of Zambia including the Treasury Minutes.



Your Committee strongly recommends that the mandate for your Committee on Delegated Legislation be broadened in the context of oversight by ensuring that pieces of legislation passed by the House are complied with to the latter.

- viii) Your Committee expresses concern with the perennial queries by Missions Abroad in the successive Reports of the Auditor General on the Accounts of the republic. It is evident from the nature of queries that part of the reason for the numerous queries is the absence of a structured *modus operandi* on the procedure for the appointment of staff to the Mission Abroad

Your Committee strongly urges the Secretary to the Cabinet to ensure that the Careers' Diplomats Bill is tabled before Parliament in the 2018 Legislative Sitting of the National Assembly without any further delay. Your Committee will await the current status of the Bill.

- ix) Your Committee observes that whereas the management of P MEC is decentralized in all MPSA's, regrettably, there is inertia by responsible officers in MPSA's to institute recoveries thereby contributing to the numerous P MEC irregularities in the Report of the Auditor General.

Your Committee strongly recommends that disciplinary action should be taken against responsible officers in MPSA's who delay to take make recoveries without any legitimate reason.

## **PART V**

### **PARAGRAPH 90**

## **Audit Comment**

In 1992, the Public Accounts Committee (PAC) resolved to appoint a Committee of officials from the Ministry of Finance, National Assembly and Office of the Auditor General to deal exclusively with the outstanding issues on a continuous basis. Since then, the Committee has been meeting to ensure that outstanding issues are cleared.

Appendix 1 to this Report summarises the status of the unresolved issues as at 31<sup>st</sup> December 2015 for which necessary remedial action is required.

## **Treasury Response**

The Secretary to the Treasury reported that the matter was noted and the Committee of Officials is expected to submit a draft report to the Sub-Committee of the Public Accounts Committee by March 2017 for deliberation.

## **Committee's Observations and Recommendations**

Your Committee notes the response and urges the Secretary to the Treasury to ensure that the committee of staff is supported in order for the following outstanding issues to be addressed within the current financial year considering the seven years statute bar in order to have a timely and updated status:

- i) The 2012 – 2014 Accounts of the Republic Outstanding Issues;
- ii) The 2009 – 2014 Parastatal and other Statutory Institutions outstanding issues;
- iii) The grants to local authorities and Constituency Development Fund for the Financial Year 2011 – 2012; and
- iv) The Road Development Agency Report on the management of contracts for the year 2012.

Further, in an effort to efficiently and effectively handle outstanding issues, your Committee makes the following recommendations stated hereunder.

- i) A consolidated programme of addressing outstanding issues be developed so as to be up-to date with all the outstanding issues.
- ii) Investigative wings handling matters pertaining to the findings by the Auditor General must be summoned to appear before the Committee every Session to give an update on all cases under investigation in order for the Committee to be up-to-date with its Recommendations.
- iii) The Auditor General must within a reasonable period invoke the powers conferred on him by the amended Republican Constitution to report to the National Prosecution Authority (NPA) cases with sufficient evidence in order to bring to a stop the continued abuse of Public Resources.
- iv) The programme of work for the subsequent sessions should include the appearance of Controlling Officers with numerous issues that have not been

addressed. This will enable the Committee to engage the Controlling officers on matters that have not been addressed over a long-period of time.

## **CONCLUSION**

Your Committee wishes to express its gratitude to you, Mr Speaker, and the Office of the Clerk for the support rendered to it when considering the Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31<sup>st</sup> December, 2015. Your Committee further wishes to thank the Controlling Officers who appeared before it and the Secretary to the Treasury for their co-operation.

Finally, your Committee acknowledges the valuable input of the Auditor General, the Accountant General and that of the Controller of Internal Audit when considering submissions from witnesses.

H Kunda, MP  
**CHAIRPERSON**

March, 2017  
**LUSAKA**

## **List of Officials**

### **National Assembly**

Mr S Kawimbe, Principal Clerk of Committees

Ms M K Sampa, Deputy Principal Clerk of Committees

Ms C Musonda, Committee Clerk (FC)

Mrs C T M Kasonde, Committee Clerk

Mr S Samuwika, Committee Clerk

Ms K Chisenga, Stenographer

Ms A Maluwa, Typist

Mr M Chikome, Committee Assistant

Mr D Lupiya, Parliamentary Messenger