

**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, 2013, FOR THE FOURTH SESSION OF THE ELEVENTH NATIONAL ASSEMBLY APPOINTED BY RESOLUTION OF THE HOUSE ON 26<sup>TH</sup> SEPTEMBER, 2014**

Consisting of:

Mr V Mwale, MP (Chairperson); Ms M G M Imenda, MP; Mr P Mucheleka, MP; Mr J Zimba, MP; Mr A Milambo, MP; Mr M Mbulakulima, MP; Ms C Namugala, MP; Mr C Mweetwa MP; and Mr C Matafwali, MP.

The membership of your Committee changed following the appointment of Mr V Mwale, MP as Minister of Sport and Youth who was replaced by Brig Gen Dr B Chituwo, MP. Ms M G M Imenda, MP was subsequently elected Chairperson to replace Mr V Mwale, MP. The membership of your Committee further changed following the demise of Mr C Matafwali, 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, 2013.

**Functions of the Committee**

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

**Meetings of the Committee**

3. Your Committee held twenty-four 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, 2013.

**Procedure adopted by the Committee**

4. With technical guidance from the Auditor-General, the Accountant General and the Controller of Internal Audit, 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, 2013. The Secretary to the Treasury was also requested to comment on the financial performance of all the ministries and institutions.

Your Committee undertook inspection field visits to selected infrastructure construction projects in Central, Western and Southern Provinces. The projects were cited in the Audit Report for accountability and implementation challenges.

This Report contains the observations and recommendations of your Committee and includes, in some cases, proposed remedial measures to correct identified irregularities and weaknesses. The Report is in three parts. Part I is on 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 is on your

Committee's local tours. This report has been tabled with Appendix I being the Report on the Outstanding Issues arising from your Committee's previous reports.

## **PART I**

### **AUDITOR-GENERAL'S COMMENTS**

5. The Report on the audit of the accounts of the Government of the Republic of Zambia for the financial year ended 31<sup>st</sup> December, 2013, was submitted to the President for tabling in the National Assembly in accordance with the provisions of *Article 121(4) of the Constitution of the Republic of Zambia*.

#### **Statement of Responsibility**

According to the provisions of 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 shall make policy and other decisions of the Treasury except those designated under Section 6 of the Act to the Secretary to the Treasury who shall exercise the powers of the Treasury. In exercising these powers, the Secretary to the Treasury designates in respect of each head of revenue or expenditure provided for in the financial year, an officer who shall be a Controlling Officer. The responsibilities of the Controlling Officers are outlined in *Section 7(3) to (9) of the Public Finance Act* and include the preparation and submission of financial statements to the Auditor-General for audit and certification before inclusion in the Financial Report. The audited financial statements are then submitted to the Secretary to the Treasury to enable him/her prepare the Annual Financial Report for tabling in the National Assembly by the Minister responsible for finance in accordance with the provisions of *Article 118 (1) of the Constitution of Zambia*.

#### **Audit Scope and Methodology**

The Auditor General reported that the audit scope included Government Ministries, Provinces and some Spending Agencies (MPSA) 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, 2013. The Report also focused on information technology systems in MPSAs.

As regards the methodology employed, the Auditor General explained that the Report was 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 them express an opinion on the financial statements for the year. They were also intended to provide information that would assist Parliament in its oversight responsibility over the application of public resources and execution of programmes by the Executive.

In the course of preparing the Report, each Controlling Officer, where possible, was sent appropriate Draft Annual Report Paragraphs (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 DARP were amended accordingly. In order to ensure that the limited audit resources were directed towards the most risky areas of Government operations, a risk based approach in prioritising the clients was used.

#### **Limitation of Scope**

The Auditor General reported that the execution of the audit programmes was limited by the factors set out below.

i. **Staff Constraints**

Although the staffing position in the Office had over the years been improving, the approved staff establishment had not been achieved to date as over one hundred (100) positions still remain vacant for various reasons. The current staffing levels could not adequately cope with the volume of work.

ii. **Financial Constraints**

Most of the Office's work involved travelling to far flung areas where the projects were being undertaken to conduct on the spot verifications without which the Government would continue losing money through shoddy works by contractors. This required financial and other resources such as motor vehicles, both of which had been inadequate over the years.

iii. **Challenges caused by the Integrated Financial Management Information System (IFMIS)**

The implementation of the IFMIS in Ministries had caused considerable challenges in the finalisation of the Financial Report. There were still challenges relating to the use of the system in the budgeting and production of the Financial Report.

### **Internal Control**

The Auditor General reported that although the Ministry of Finance had taken measures aimed at addressing some of the weaknesses in the management of public resources, especially in the collection of revenue, weak internal controls continued to surface. The Internal Audit Department under the Ministry of Finance required to be strengthened to effectively execute its mandate. The common internal control weaknesses observed in most MPSAs included; flouting of procurement procedures; failure to account for stores procured; failure to supervise projects for which contractors were paid; failure to undertake activities which were paid for; failure to collect revenue due to Government; failure to terminate retired and 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.

### **Statement of Revenue, Financing and Expenditure for the Year Ended 31<sup>st</sup>December, 2013**

Article 118(2) of the Constitution states that a financial report in respect of a financial year shall include accounts showing the revenue and other moneys received by the Government in that financial year, the expenditure of the Government in that financial year other than expenditure charged by the Constitution or any other law on the general revenues of the Republic, the payments made in the financial year otherwise than for the purposes of expenditure, a statement of the financial position of the Republic at the end of the financial year and such other information as Parliament may prescribe.

#### **Shortfall/Surplus in Revenue**

As reflected in statement B of the Financial Report for the year, the actual revenue collected was less than the estimated revenue by K737,046,196. The Net Deficit of K737,046,196 was attributed to under collection in Income Tax, Customs and Excise, Bilateral and Multilateral Grants.

#### **Excess Expenditure**

A review of Statement 'C' of the Financial Report for the year under review revealed that expenditure in excess of the provision voted by Parliament in respect of one head of expenditure amounted to K501,234,551. The excess expenditure of K501,234,551 would require approval by Parliament as provided for in Article 117(5) of the Republican Constitution.

## **RESPONSE BY THE SECRETARY TO THE TREASURY**

### **Paragraph 1-5**

#### **Introduction**

6. The Secretary to the Treasury submitted that the facts were as stated by the Auditor General in her Report and the Ministry of Finance did table the Annual Financial Report for the year ended 31<sup>st</sup> December, 2013, before the National Assembly.

#### **Statement of Responsibility**

The Secretary to the Treasury submitted that the facts were as stated. The Minister of Finance and the Secretary to the Treasury who constitute the Treasury did ensure that each Controlling Officer performed accordingly as outlined in Section 7(3 to 9) of the Act by preparing and submitting Certified Financial Statements for audit and inclusion in the Financial Report.

#### **Audit Scope and Methodology**

The Secretary to the Treasury submitted that the scope and methodology used by the Auditor General was appreciated and the interaction with the various Controlling Officers was encouraging as it provided checks and balances in the management of public resources. The Secretary to the Treasury thanked the Auditor General for availing vital information to assist Parliament in its oversight responsibility over the management of Public resources by the Executive.

#### **Limitation of Scope**

The Secretary to the Treasury assured your Committee that the Treasury would continue engaging Controlling Officers on the need to co-operate and appreciate the role of the Auditor-General by urging Controlling Officers to provide all required information and explanations through satisfactory responses during the audit process.

On specific limitations, the Secretary to the Treasury submitted as set out below.

- *Staff Constraints*  
It was regrettable that despite the staffing position improving over the years, 100 positions from the approved staff establishment were yet to be filled due to various reasons beyond her control, thereby affecting the scope of work for the Office of the Auditor General. The Treasury would engage the Auditor General to address the challenges of filling the vacant positions so that staff levels were improved in order to increase the scope of work.

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

Your Committee expresses concern that such a large number of positions have remained vacant which is unfortunate as low staff levels have the potential to affect both the quality and volume negatively.

- *Financial Constraints*  
The Treasury had continued to engage the Auditor General over this matter during the budgeting process and would always address them based on the availability of funds.

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

Your Committee notes the submission by the Secretary to the Treasury.

- *Challenges caused by the Integrated Financial Management Information System (IFMIS)*  
On the delays in the finalisation of the Statement 'C' due to the use of the Integrated Financial Management System (IFMIS), the Treasury had since engaged a Consultant to review the system. One of the terms of reference was to resolve the challenges in the budgeting and production of the financial report and ensure that the System was compatible with the Government operations.

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

Your Committee urges the Secretary to the Treasury to ensure that the challenges that are being experienced are urgently addressed so that the nation can maximize its benefits from IFMIS.

### **Internal Control**

The Secretary to the Treasury submitted that the position of internal control weaknesses was as observed by the Auditor General. The Treasury would urge Controlling Officers to carry out their responsibilities diligently as provided for in the Public Finance Act Nos. 7(3) to (9), Financial Regulations of 2006 and Treasury guidelines. Further, the Treasury was enhancing the operations of the Internal Audit Unit.

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

Your Committee observes that as long as internal control systems remain weak accounting and other irregularities will remain rampant within the Government institutions. Your Committee, therefore, urges the Secretary to the Treasury to strengthen internal controls by supporting training activities aimed at uplifting the skills levels of accounting and stores staff in the Country. Your Committee urges the Secretary to the Treasury to particularly pay attention to the management of stores in public institutions in order to bring it to required standards.

### **Paragraph 6**

#### **Statement of Revenue, Financing and Expenditure for the Year ended 31<sup>st</sup> December, 2012**

#### **i. Shortfall/Surplus in Revenue-K737,046,196**

The Secretary to the Treasury submitted that the short fall (Net Deficit) of revenue amounting to K737,046,196 was been attributed to under collections of Income Tax, Customs and Excise and Bilateral and Multilateral Grants as explained hereunder.

- **Income Tax, Customs and Excise**

The under collections on Income Tax and Customs and Excise Duty were due to non-compliance by tax payers for Income Tax and the reduction in the Imports for Customs Duty. On the Excise Tax, this was attributed to the changes in the tax regime under this collection.

- **Bilateral and Multilateral Grants**

On the Bilateral and Multilateral Grants, the funds were provided as pledged by the various donors who channeled them directly to the recipient Ministry, Provinces and Spending Agencies and were reflected under Note 14 and 15 for Statement A (Cash Receipts and Payments) and Note 39 and 40 under Statement B (Budget Execution) of the 2013 Annual Financial Report.

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

Your Committee notes the submission by the Secretary to the Treasury.

**MINISTRY OF FINANCE**

**AUDIT QUERY**

PARAGRAPH 6

**EXCESS EXPENDITURE:** K501, 234,551

The Controlling Officer acknowledged that there was an excess expenditure of K501,234,551. The Controlling Officer informed your Committee that this was attributed to increase in Personal Emoluments in form of salaries for Ministries, Provinces and other Spending Agencies (MPSAs). He explained that at the end of every financial year, all MPSAs at the time of preparing their statement 'C' always had unavoidable expenditure since during the budget preparation, MPSAs were only allowed to include budgets on filled positions and not as per the establishment register. However, during the course of the year, positions on the establishment register would be filled either through promotions or replacements. In addition, the unfreezing of positions by Cabinet, creation of new positions and the harmonisation of salaries in the civil service, all resulted in MPSAs incurring personal emoluments in excess of what was approved by Parliament.

The Controlling Officer further explained that this excess salary expenditure was, therefore, taken over by the Treasury since the granting of the Treasury Authority to employ or fill these positions was granted by the Treasury. Regarding the way forward, the Controlling Officer submitted that the Ministry would ensure that good estimates of personal emoluments were made and, where it proved to be difficult to estimate, would make proper forecasting of supplementary provision to avoid recurrence of the same.

The Controlling Officer sought the indulgence of your Committee to allow the expenditure to stand as a charge to public funds in accordance with the provisions of Article 117(5) of the Constitution of the Republic of Zambia.

**Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to put measures in place to prevent the recurrence of the anomaly. In respect of the current anomaly, your Committee recommends that the excess expenditure of K501,234,551 be allowed to stand as a charge to public funds in accordance with the provisions of Article 117(5) of the Constitution of the Republic of Zambia.

**ZAMBIA REVENUE AUTHORITY-GENERAL REVENUE**

**AUDIT QUERY**

PARAGRAPH 7

**PROGRAMME:**

Income Tax  
Mineral Revenue  
Customs and Excise  
Value Added Tax  
Exceptional Revenue

**ACTIVITIES:**

Various

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

7. An examination of records maintained at ZRA Headquarters and seventeen (17) stations namely Lusaka Port, Nakonde, Mansa, Kashiba, Chembe, Chipata, Mwami border, Chanida, Livingstone, Kazungula, Chirundu, Kariba, Victoria Falls, Kasumbalesa, Ndola, Choma and Katima Mulilo revealed accounting and other irregularities to which the Secretary to the Treasury submitted as set out below.

a) **Domestic Tax**

i. *VAT Refunds Withheld on Rule 18- K1,690,924,239*

The Secretary to the Treasury submitted that there was an increase in VAT refunds withheld as a result of VAT Rule 18 from K1,690,294,239.18 to K7,008,896,391.87 as at 31<sup>st</sup> December, 2014. A total of K1,852,981,127.93 of this VAT refund amount had since been paid out leaving a balance of K5,155,915,263 which remained withheld as at 11<sup>th</sup> February, 2015. This amount remained outstanding because the mining companies had not complied with the Rule. The Secretary to the Treasury further submitted that in a related matter

involving a company called Stallion Motors, the Supreme Court had ruled in favour of ZRA with regard to enforcement of Rule 18.

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

Your Committee expresses concern that this matter has remained unresolved for such a long time and urges the Secretary to the Treasury to ensure that the matter is addressed without further delay. Your Committee resolves to await a progress report on the matter.

ii. *Failure to Collect Mineral Royalty Tax-K2,052,627*

The Secretary to the Treasury submitted that the mineral royalty debt amount totalling K2,052,627 remained outstanding as at 23<sup>rd</sup> February, 2015. The debt relating to Ndola Lime Company Limited amounting to K1,913,162 was reconciled with the taxpayer and a Time to Pay Agreement (TPA) was signed although the taxpayer had not been servicing the debt. He explained that the balance of K139,465 relating to First Gold Acquisition limited and Grizzly Mining still remained outstanding.

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

Your Committee observes that little is being done by the Management of the Zambia Revenue Authority to ensure that the debt is paid back. Your Committee, therefore, urges the Secretary to the Treasury to work with the Authority to ensure that the debt is serviced without further delay. Your Committee awaits a progress report on the matter.

b) **Customs Services**

i. *Uncollected Duties on Transits-K134,279,133*

The Secretary to the Treasury submitted that the amount of K134,279,133 had been reduced further to K92,118,056.71 as at 23<sup>rd</sup> February, 2015. This positive movement in the amount of outstanding transits was attributable to the ASYCUDA ++ system clean-up exercise especially on current transits whereas the overall movement in outstanding transits was hampered by the historical transits which had accrued on companies that were no longer in business.

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

Your Committee, while appreciating the challenges faced by ZRA in collecting duties on transit expresses concern that the figures have not been reduced to acceptable levels. Your Committee, therefore, urges the Secretary to the Treasury to ensure that ZRA puts in place measures to address the matter. Your Committee awaits a progress report on the matter.

ii. *Expired Customs Importation Permits (CIPs) and Temporal Importation Permits (TIPs)*

The Secretary to the Treasury submitted that ZRA had continued to follow up on the expired TIPs, CIPs and other obligations within the framework of the data clean up exercises. To this effect, the TIPs and CIPs that were subject of the audit query had since been forwarded to the Transaction Monitoring Unit of the Customs Services Division for follow ups with the concerned Agents.

Furthermore, in order to address the issue of outstanding CIPs, the Authority and the Road Transport and Safety Agency had set-up a joint team to deal with aspects of system integration between the two institutions. Once set up, the system would be dealing in motor vehicle smuggling. Further, the Division had implemented the ASYCUDA World system, which is web based and as such will facilitate integration with systems for other Government

Agencies (OGAs) as well as the implementation of an electronic Single Window for all OGAs. This measure would ultimately limit the exploitation of lack of connection between the ZRA and RTSA systems by tax evaders.

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

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

- iii. *Customs Importation Permits (CIPs) Registered with RTSA*  
The Secretary to the Treasury submitted that ZRA carried out a review of the ASYCUDA system that had since returned clearance details for five (5) of the eleven (11) vehicles that were subject of the audit query. The schedule for the remaining six vehicles had since been submitted to the Investigations Department to establish which documents were used to register these vehicles with the Road Transport and Safety Agency.

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

Your Committee expresses concern that ZRA management is taking too long to investigate the matter. Your Committee, therefore, urges the Secretary to the Treasury to ensure that ZRA expeditiously investigates the matter involving the remaining six vehicles to establish whether they were properly cleared by ZRA. Your Committee awaits a progress report.

- iv. *Unassessed Registered Bills of Entries – Nakonde-K22,361,536*  
The Secretary to the Treasury submitted that the unassessed registered bills of entries at Nakonde port of entry were being followed up by the station in a bid to clean up ASYCUDA ++. The station, including all others, had been directed to continue the ASYCUDA ++ clean-up exercise. Further, as another control measure, stations had been directed to ensure that they did not process fresh bills of entries for all clients and clearing Agents that had unassessed registered bills of entries.

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

Your Committee observes that the ZRA Management has not taken the issues of unassessed bills at this station seriously. Your Committee is particularly concerned that despite the matter being raised by auditors during the audit process, it has remained unresolved which can result in the loss of revenue. Your Committee resolves to close the matter, but requests the Auditor General to keep the matter active in future audits.

#### **c) Missing Goods in the Warehouse – Kazungula and Victoria Falls-K14,899**

The Secretary to the Treasury submitted that out of the K14,899 worth of missing goods, only goods valued at K4,570 under Victoria Falls had remained unaccounted for and the matter had since been referred to the Internal Affairs Department for an independent inquiry before action was taken. The two other items that were reported as missing had since been traced within the Customs warehouse at Kazungula.

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

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



Fees and Fines – Judiciary  
Court Fines  
Library Services  
Fines of Court

**Accounting and Other Irregularities**

8. An examination of the records for the period January to December, 2013 at Judiciary headquarters, selected provincial offices in the Copperbelt, Southern and Eastern Provinces carried out between January and May, 2014, revealed the following weaknesses to which the Controlling Officer responded as set out below.

a) **Unaccounted for Revenue**

The Controlling submitted on each of the stations as stated below.

i. *Ndola High Court and Ndola Subordinate Court-K155,426*

The observations by the auditors were correct that amounts totalling K155,426 were not accounted for at Ndola High Court and Subordinate Court. The Judiciary had taken disciplinary action against the erring officers. One officer was surcharged and dismissed. Three other officers involved in the matter had appeared before the disciplinary committee and had been surcharged and recommended for dismissal. The Judicial Service Commission would consider the recommendations of the disciplinary committee once it was reconstituted.

**Committee's Observations and Recommendations**

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

ii. *Supreme Court-K334*

According to the records revenue for the Supreme Court amounting to K334 was accounted for and the deposit slips were availed for audit scrutiny.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

iii. *Small Claims Court- Lusaka*

The Auditor General's findings were correct and the officer involved was asked to account for the said funds although the whole process could not be concluded as the whereabouts of the officer is unknown. The case had been recommended for disciplinary action due to absenteeism. On several occasions he had been charged for disobedience for failure to obey lawful instructions.

**Committee's Observations and Recommendations**

Your Committee awaits a progress report on the matter.

b) **Delayed Banking-K759,428**

The Controlling Officer submitted that arising from the internal audit findings, the officers involved were strongly cautioned and asked to adhere to the requirements of the Financial Regulations on banking of Government revenue.

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

Your Committee notes the submission and resolves to close the matter, but urges the Controlling Officer to work with the Treasury to explore ways of reducing human-cash contact.

c) **Questionable Reversals by Bank – Commercial List Client Account-K201,400**

The Controlling Officer submitted that the reversals were made by the bank during the change over period from the Manual Cheque Clearing System to the Image Clearing System and the matter had been resolved.

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

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

d) **Ndola Subordinate Court - Missing Receipt Books**

The Controlling Officer acknowledged that there were sixteen receipt books missing and the matter had been reported to the police. The Controlling Officer further informed your Committee that the officer involved in the matter had since been dismissed by the Judicial Service Commission for absenteeism from work due to the fact that he disappeared when the internal audit report was produced.

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

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

## **MINISTRY OF TRANSPORT, WORKS, SUPPLY AND COMMUNICATIONS**

### **AUDIT QUERY**

PARAGRAPH 9

#### **PROGRAMME:**

Fees and Fines – Road Transport and Safety Agency (RTSA)

#### **ACTIVITIES:**

Road Traffic Collections

### **Accounting and Other Irregularities**

9. A review carried out during the period from June to October, 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Information System Weaknesses**

i. Unaccounted for Security Paper 4,128

The Controlling Officer submitted that the Auditor's reported unaccounted for security papers of 4,128, did not take into account the opening and closing balances at the beginning and end of 2013. The Stations had been taking stock of closing balances of security paper at the close of each business day. The security paper used by the Stations in 2013, were all signed for by the Revenue Officer and Cashier in the register of accounting documents as evidence of use.

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

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

ii. *Poor User Account Management*

• **Separated Users Active on the System**

The Controlling Officer submitted that users had since been deactivated. There was a communication gap between the Human Resources Department and ICT and to address

such lapses, the Agency had since developed an ICT Policy which was aimed at addressing most of the ICT issues. The Controlling Officer submitted that investigations had shown that at the date of the transaction, the employee cited in the Report was still a member of staff and was only separated on 17<sup>th</sup> May, 2013. The last transaction undertaken was a temporary driver's licence duplicate receipt on 6<sup>th</sup> February, 2013.

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

Your Committee does not accept the reason given by the Controlling Officer and urges him to take disciplinary action against the erring officers. The Controlling Officer is further urged to strengthen internal controls which are clearly weak. Your Committee awaits a progress report on the matter.

- **Use of the same User Accounts and Password for all Users to Windows Application**

The Controlling Officer submitted that users were now using individual computer local accounts to logon to workstations. This provided a second level of access control in addition to signing into ZAMTIS with finger print authentication.

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

Your Committee expresses concern at the failure by the Controlling Officer to ensure that before being operationalised, security updates were put in place to reduce unauthorised access to the restricted sites. Your Committee observes that this made the system vulnerable to fraud and abuse. Your Committee resolves to close the matter subject to audit verification.

iii. *Lack of Segregation of Duties*

- **Failure to Segregate the Duties of the Database Administrator**

The Controlling Officer submitted that the duties of Database and Application Administration had now been segregated between the Database Administrator and the ICT Support Officer– Business Support Systems.

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

Your Committee expresses concern at the failure by the Controlling Officer to ensure that duties were adequately segregated before the system was operationalised. Your Committee observes that this left the system vulnerable to abuse. Your Committee resolves to close the matter subject to audit verification.

- **Failure to Segregate the Duties of the Managers**

The Controlling Officer submitted that the agency was aware of this anomaly and had since deployed more officers at various stations with staff challenges. For example, some officers had since been deployed to stations like Chanida, Mazabuka and Monze. However, the Agency was in the process of restructuring the entire organization in order to facilitate further segregation of duties.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that such anomalies are eradicated from the system. Your Committee resolves to close the matter, but requests the Auditor General to keep the matter in view in future audits.

iv. *Lack of Support and Maintenance Level Agreement*

The Controlling Officer submitted that there was a deadlock between RTSA and the developer of the Zambia Transport Information Management System (ZamTIS), Face Technologies Ltd, arising from the unsatisfactory service delivery. The two parties disagreed on the percentage of deliverables attained and the amount which Face Technologies was to be paid for the previous contracts.

The Controlling Officer submitted that following the system failure which occurred on ZAMTIS on 1<sup>st</sup> November, 2011, and the many problems that were being faced in the use of the system, RTSA embarked on implementation of a new system known as Electronic Zambia Transport Information Management System (e-ZAMTIS). This project was currently at the system development stage and a prototype was expected by April, 2015. To keep the current ZAMTIS working in the absence of support from the developers, RTSA had developed scripts for resolving regular problems and had sought and received assistance from developers of ZAMTIS's Database Management System, Oracle (Oracle Corporation), the ZAMTIS programming language, Delphi (Code Gear corporation) and the Windows Operating System (Microsoft Corporation).

**Committee's Observations and Recommendations**

Your Committee expresses concern that there is no backup system in place being used at RTSA which means that if there was a system failure, customer information risks being lost. Your Committee, therefore, urges the Controlling Officer to ensure that implementation of the E-ZAMTIS is expeditiously done to resolve the current situation. Your Committee awaits a progress report on the matter.

v. *Use of Microsoft Windows XP Operating system on Computers*

The Controlling Officer submitted that RTSA upgraded all computers which had the Windows XP operating system to Windows 7 before the April, 2014, deadline except for 25 computers used for the live scan (Camera for capturing images) function. This function did not run on a non-windows XP, Service pack3 computer. These computers would be retired when the e-ZAMTIS was implemented as per project schedule.

**Committee's Observations and Recommendations**

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

b) **Accounting and Other Irregularities**

i. *Unsupported System Adjustments-K557,073.71*

The Controlling Officer submitted that the ZAMTIS, which the Agency uses to register and licence vehicles, had had a number of challenges. One of the challenges was that on payment of road tax for a particular period, the system would issue an extra quarter in some cases with a charge and in other cases without. Management then issued a directive to affected Station Managers to correct the errors to reflect the status of the transactions. The system had an embedded authorization role which could not permit changes without higher access rights. As these were system errors, there were no supporting documentations for these adjustments. However, in some cases where manual road tax had been issued by a non-computerised station in a quarter and the motorist licences for the same vehicle in a computerised station the following quarter, the system required to be updated. In such a case an adjustment, other than those described above, had to be effected and supporting documents were available for verification.

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

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

- ii. *Unaccounted for Revenue-K1,034,606*  
The Controlling Officer stated that the reconciliation between the Auditors and RTSA on the reported K945,225 for Dedan Kimathi only covered the period from January, 2013, to 18<sup>th</sup> April 2013. During the period 19<sup>th</sup> April, 2013 to 31<sup>st</sup> December, 2013, the reconciliation was not done. The Agency had since reproduced the full reconciliation for the remaining period which did not highlight any loss in revenue. Records were available for audit verification. The Controlling Officer further submitted that the loss of K89,381 from Lumumba Office was caused by an erring officer who had since been separated from the Agency and K33,796.10 was recovered from the terminal benefits. The Agency had submitted a claim of K55, 584.90 to Zambia State Insurance Corporation (ZSIC) as it Government revenue was insured against loss. The Controlling Officer stated that the claim was honoured and was awaiting formalisation.

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

Your Committee expresses concern that management was not proactive in dealing with the matter as it had taken over a year for the Agency to claim the insurance. Your Committee resolves to close the matter subject to audit verification.

- iii. *Failure to Collect Revenue - K36,729,720*  
The Controlling Officer submitted that RTSA system kept a record of all vehicles registered on the system from the time the system was implemented in 2002. The 530,420 vehicles on the system included running vehicles, written off vehicles due to attrition and vehicles that were licenced manually in 2013. The 326,366 vehicles reported only included vehicle licenced through the computerised system. For instance, ZAMPOST licenced vehicles on behalf of the Agency through manual transactions and these were not included in the 326,366 vehicles. The Controlling Officer added that RTSA was implementing a new system that would eliminate those vehicles with no activity for a given period of time. This would enable the Agency to report the active population of vehicles on the database. This would further help RTSA to improve on revenue compliance efforts and reporting.

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

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

**MINISTRY OF TRANSPORT, WORKS, SUPPLY AND COMMUNICATIONS**  
AUDIT QUERY  
PROGRAMME: Fees and Fines – Civil Aviation and Maritime and Inland Waterways  
ACTIVITIES: Various

PARAGRAPH 10

#### **Accounting and other Irregularities**

10. An examination of accounting and other records maintained at the Ministry Headquarters and stations carried out in September, 2014 revealed accounting and other irregularities to which the Controlling Office responds as set out below.

##### **a) Delayed Banking of Revenue**

The Controlling Officer submitted that concerning the incidence of delayed banking of revenue at Kasama and Mansa Airports, the officers charged with the responsibility of collecting revenue were

non-accounting staff and had little knowledge of Financial Regulations. He explained that the officers had been since been trained.

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

Your Committee expresses concern that the said officers were not inducted before they took up revenue collection duties. Your Committee is also of the view that with proper supervision, this anomaly could have been avoided. Your Committee, therefore, urges the Controlling Officer to take steps to resolve the matter. Your Committee resolves to close the matter subject to audit verification.

b) **Failure to collect Revenue - Temporal Air Services Permit-K128,865**

The Controlling Officer submitted that the apparent failure to collect revenue in form of Temporal Air Services Permits was being investigated. To this effect, a letter had been written to the Director-National Airports Corporation (NAC), the institution which collects TASPS on behalf of Government, to explain the circumstances which led to non-collection of revenue.

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

Your Committee expresses concern that the Controlling Officer only became aware of this matter when it was brought out in the audit. Your Committee urges the Controlling Officer to always be alert and collect all the revenues due to the Government. Your Committee further urges the Controlling Officer to take steps to collect the fees amounting to K128,865 without any further delay. Your Committee awaits a progress report on the matter.

c) **Failure to Collect Revenue from Inland Ports-K1,099,886**

The Controlling Officer submitted that the major challenge was lack of the presence of the department on the major water bodies across the country to implement the law and collect revenue on behalf of the Government. There were only two surveyors of vessels who were located in Lusaka at the Department's Head Office. In collaboration with Marine Police of the Zambia Police Service, these officers carried out revenue collection during periodic surveys of vessels on nineteen (19) major ports of registry. The Department had only six technical staff at Head Office which included the surveyors of vessels. They were, therefore, required to carry out other duties besides vessel inspections and law enforcement activities on the waterways.

The Controlling Officer submitted further that working with Government institutions at the district level such as the Fisheries Department was difficult because the officers there were not licensed and gazetted vessel inspectors who had to ensure that due diligence was carried out on the vessels before they were certified seaworthy and licences renewed or issued for the first time. The Department structure had six positions of vessel inspectors, but the Treasury Authority to employ had since been frozen until further notice. Although the number of inspectors was not enough, their presence would make a difference as they would be stationed on the waterways and amongst others, would collect revenue on behalf of the Government. The Controlling Officer added that the survey and registration of vessels function was budgeted for in the Department's allocation for the year.

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

Your Committee notes the submission, but urges the Controlling Officer to secure funding for patrols. The Controlling Officer is further urged to use all available options to ensure that revenue is collected without any further delay. Your Committee awaits a progress report on the matter.

UNIT: Various

ACTIVITIES: Various

### **Accounting and other Irregularities**

11. An examination of accounting and other records maintained at the Ministry carried out in April, 2014, revealed the accounting irregularities to which the Controlling Officer responded as set out below.

a) **Uncollected Revenue-K1,002,750,606**

The Controlling Officer submitted that the uncollected revenue was due to non-compliance with the offer letter condition which was to pay lease charges within thirty days. Some offerees found it difficult to raise the lease charges within the stipulated period of thirty days from the date of issue of the offer letter due to economic difficulties. The reason was that the centralised offer payment system at the Lands Department was only present in provincial centres. The lack of presence at district level implied that offerees had to travel long distances to Lands Headquarters or Provincial centres in order to pay and accept offer letters. This had proved to be a serious challenge to many offerees thus some payments were not made within the stipulated time period. The Controlling Officer further submitted that lack of capacity to pay by some people was one of the reasons because some people found it difficult to raise the required amounts to pay for the offer letters. Repossession had been difficult for properties that were developed and settled on.

The Controlling Officer also submitted that the Department had planned to withdraw all offer letters that had not been accepted. Further, the introduction of SMS billing under the Zambia Integrated Land Management Information System (ZILMIS) would make clients aware of their obligations faster than the physical bill distribution.

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

Your Committee observes that a lot of challenges are still prevalent in the collection of revenue in the Lands Department. Your Committee, therefore, urges the Controlling Officer to devise innovative ways of collecting the revenue in order to alleviate the difficulties the public are facing in making the payments. Your Committee resolves to close the matter, but requests the Auditor General to keep the matter in view in future audits.

b) **Unreconciled Revenue**

The Controlling Officer clarified that the system was rarely online in the three (3) regional offices because of internet problems. The off and online of the system was as a result of the incapability of the server that was unable to cater for the work both in the provinces and the Headquarters. Updates could only be done in Lusaka and so officers from Provinces needed to travel to Lusaka to update the revenue collected. The ministry was now using the Zambian Integrated Lands Management Information System (ZILMIS) and it had done away with the Land Information Management System (LIMS). Management had informed ZAMTEL on the internet challenges the Ministry faced so that it could be attended to.

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

Your Committee urges the Controlling Officer to ensure that the system works efficiently and effectively to avoid recurrence. The Controlling Officer is also urged to ensure that evidence of reconciliation of records is available for audit verification.

c) **Unaccounted for Revenue-K10,540**

The Controlling Officer submitted that deposits were not availed because of misfiling at the time of audit. The current position was that the deposit slips totalling K10,540 were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to ensure that erring officers are disciplined for the anomaly.

d) **Failure to Collect Rentals of Government Premises-K9,780**

The Controlling Officer informed your Committee that with regard to Acacia House, the delay in collecting outstanding rentals and renewing the lease agreement had been due to legal issues before the courts of law. Since the matter was in court, the Office of the Attorney-General was the one that was dealing with it. The lease had not been reviewed because the matter was in court as the tenants had contested their removal by Government. The Ministry was waiting for instructions and guidance from the Attorney-General's Chambers, on whether or not the lease should be reviewed.

**Committee's Observations and Recommendations**

Your Committee notes the submission and urges the Controlling Officer to ensure that the matter is followed up and the process is expedited. Your Committee awaits a progress report on the matter.

e) **Irregular Collection of Revenue**

The Controlling Officer submitted that the property management of the entire premises was affected by the court case and the Ministry was not aware about some offices being sublet. A letter had been written to Attorney-General to claim the amounts illegally collected by the tenants.

**Committee's Observations and Recommendations**

Your Committee notes the submission and urges the Controlling Officer to ensure that the matter is followed up and the process is expedited. Your Committee awaits a progress report on the matter.

f) **Failure to Present Accounting Documents**

The Controlling Officer submitted as set out below.

**Katete Forestry**

The accounting documents could not be availed to the auditors at the time of audit because the General Receipt Books with receipt numbers 4535601 – 4535750 were still at the Provincial Forestry Office awaiting issuance to Katete District office upon request.

**Committee's Observations and Recommendations**

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

**Kaoma Forestry**

The accounting documents at the time of audit were not availed because they were reported as stolen to Kaoma Police Station. The General Receipt Books with number ranges 4535601 – 4535750 which were at Provincial Office awaiting distribution were later issued to Msipazi Basic School and were available for verification. As regards the accounting documents which were reported stolen in



Kaoma, an officer was arrested and the matter was still in the courts of law and the Ministry was awaiting the court ruling.

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

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

## **MINISTRY OF AGRICULTURE AND LIVESTOCK**

### **AUDIT QUERY**

PARAGRAPH 12

#### **PROGRAMME:**

Licences-

#### **ACTIVITIES:**

Fish Licence

Import and export

Other Revenue

Inspection Fees

Plant Quarantine and Phytosanitary Services

### **Accounting and Other Irregularities**

12. A review of 2013 accounts revealed that there were still weaknesses in the management of revenue as set out below.

#### **a) Loss of Revenue-K3,857**

The Controlling Officer submitted that the system operated in such a way that various importers and exporters of agricultural products deposited the money at Investrust Bank, Plc and obtained a computer generated receipt. The clients presented the deposit slips and the receipt to the officers who prepared permits. However, the officers could not detect that clients underpaid for the permits and went ahead to issue permits. As a result, this led to the under-collection of revenue. The Controlling Officer further submitted that the matter was actively followed up to ensure that the companies paid in full. So far seven companies had to date paid the fees amounting to K2,490 leaving a balance of K1,367. Therefore, the Ministry had effected recoveries from the salaries of officers who issued permits on underpaid deposits.

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

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

#### **b) Missing Accounting Documents**

The Controlling Officer submitted that fourteen of the twenty-three Fish Angling Licences had been traced leaving a balance of nine books which the Department of Fisheries was still trying to trace. The officer who was responsible for issuing these accounting documents was not recording the issues in the accounting documents register. The officer was currently on suspension and appearing in court for fraudulent activities.

As regards missing accounting documents for Commercial Fish Licences, the Controlling Officer submitted that of the fourteen fish licence books, ten had been located leaving a balance of four books which were yet to be traced. This officer who was responsible for record keeping was currently on suspension and appearing in court for fraudulent activities.

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

Your Committee strongly urges the Controlling Officer to ensure that internal controls are strengthened without further delay. Your Committee resolves to await a progress report on the books that are still missing.

**CABINET OFFICE**

**AUDIT QUERY**

PARAGRAPH 13

UNITS: Various  
PROGRAMMES: Various  
ACTIVITIES: Various

**Accounting and Other Irregularities**

13. An examination of accounting and other records maintained at Cabinet Office carried out during the period from June to October, 2014 and physical inspections of selected projects revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Procurement of Works for Rehabilitation of Kenneth Kaunda International Airport (KKIA)**

i. *Questionable Justification for Direct Bidding*

The Controlling Officer acknowledged that Beautiful Living was only incorporated on 20<sup>th</sup> December, 2004, as revealed by the Patents and Companies Registration Agency (PACRA). The Controlling Officer submitted that the Company was contracted because the works were urgent and considering that it did similar works in 2001, at the then Lusaka International Airport. The Controlling Officer further submitted that the matter was being investigated by the law enforcement agencies.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the manner the transaction was rushed. Your Committee is particularly concerned that Beautiful Living, a company that was contracted for the works, was not yet incorporated under the Patents and Companies Registration Agency (PACRA) at the time it did the works. Your Committee observes with concern that although the matter is before law enforcement agencies, officers that processed the transaction are still reporting for work which could jeopardise investigations. Your Committee, therefore, recommends that officers that are associated with this transaction be suspended forthwith to pave way for smooth investigations. Your Committee resolves to await a progress report on the matter.

ii. *Lack of Contract*

The Controlling Officer conceded that it was irregular that Beautiful Living was engaged to carry out the works at the contract sum of K1,824,382 without signing a contract. She stated that the works were awarded before the contract was signed due to the urgency of the works.

**Committee's Observations and Recommendations**

As the matter is being investigated by the law enforcement agencies, your Committee resolves to await a progress report.

iii. *Moving on Site before Award of the Contract*

The Controlling Officer submitted that this was the same matter as above.

**Committee's Observations and Recommendations**

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

iv. *Non-Compliance with ZPPA Regulation on Advance Payment*

The Controlling Officer submitted that the *Zambia Public Procurement Authority Act of 2008* Clause No. 140 (1 to 4) which required that an advance payment of 25% be made and supported by advance payment guarantee was indeed violated in that Cabinet Office made

an advance payment of 80% of the contract sum without an advance guarantee. She submitted that the reason for this was that works had already reached an advanced stage, and the UNWTO Conference was around the corner. As advised above, the matter was being investigated by the Law Enforcement Agencies.

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

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

- v. *Payments Made to the Contractor without Issuing Certificates of Completion*  
The Controlling Officer submitted that the matter was also being investigated by the Law Enforcement Agencies.

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

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

- vi. *Inflating of Quantities on Curtaining Materials (Government lost K237,439)*  
The Controlling Officer acknowledged that Beautiful Living quoted Cabinet Office a total of K576,243 relating to curtaining of the VIP lounges at Kenneth Kaunda International Airport as per the company's Bill of Quantity in contrast with the expert's independent verifications from the National Council for Construction which revealed an over charge on Beautiful Living's quote, thereby, resulting in a loss of K237,439 of the amounts paid. She stated that this matter too, was being investigated by the law enforcement agencies.

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

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

### **b) Contract for Fitting of Carpets**

- i. *Questionable Payment of Contract Sum - K360,035*  
The Controlling Officer regretted that the contract sum was paid in full against the ZPPA regulation. She, however, informed your Committee that this matter was also being investigated by the law enforcement agencies.

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

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

- ii. *Inflation of Office Space Floor Area*  
The Controlling Officer submitted that Beautiful Living quoted Cabinet Office a total of K310,375 basing on the floor area of 1,275m<sup>2</sup> in contrast with the expert's independent measurements from the National Council for Construction which revealed an inflated measurement thereby resulting in an over payment of K125,574 of the amount paid and not yet recovered. She, however, informed your Committee that this matter was in the hands of the law enforcement agencies.

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

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

c) **Failure to Follow Procurement Procedures - Contracting of Catering Services**

i. *Single Sourcing of Contracts without 'No Objection' from ZPPA*

The Controlling Officer submitted that the contracts was single sourced because the works were urgent after Government's decision to move the celebration to the Copperbelt a few days before the function. The Controlling Officer further submitted that the matter was also being investigated by the law enforcement agencies.

**Committee's Observations and Recommendations**

Your Committee recommends that all officers that were associated with this transaction be suspended forthwith to pave way for smooth investigations. Your Committee resolves to await a progress report on the matter.

ii. *Absence of Procurement Committee to Approve the Award of Contracts*

In agreement with auditors, the Controlling Officer submitted that, no Procurement Committee was constituted even when the amounts were above the Controlling Officer's threshold. As stated above, the works were urgent. The matter too, was currently under the law enforcement agencies.

**Committee's Observations and Recommendations**

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

iii. *Rolly'z Catering Services on the average Higher than that of similar suppliers*

- **Very Very Important Persons (VVIP) and Very Important (VIP) Meals- Unit Price K500 and K400 Respectively**

The Controlling Officer submitted that prices quoted by the company were on the average higher than those of similar suppliers. She regretted that due to the urgency of the matter, it was not realised that the prices were inflated. A decision had been made not to pay at the inflated rates.

**Committee's Observations and Recommendations**

Your Committee is astounded that the Controlling Officer authorised the procurement of meals at exorbitant unit prices of K500 and K400 for VVIP and VIP amounting to K250,000 and K200,000 respectively. Your Committee finds this unacceptable and urges the Controlling Officer to report the matter to law enforcement agencies for further investigations. Your Committee awaits a progress report on the matter.

- **Ordinary Meals- Unit Price K400**

The Controlling Officer acknowledged that prices quoted by the company were on the average higher than that of similar suppliers. The works were urgent, but the Office had undertaken not to pay the Caterer until and unless they revised the rates downwards.

**Committee's Observations and Recommendations**

Your Committee reiterates its recommendation to report the matter to investigative wings for further investigations. Your Committee awaits a progress report on the matter.

d) **Unvouched Expenditure-K488,941**

The Controlling Officer stated that all missing payment vouchers had since been traced and were now available. The Office was streamlining the filing system and the officer in-charge would be closely supervised to address the issue of misfiling.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail accounting documents to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

e) **Failure to Provide Monitoring Reports-K532,348**

The Controlling Officer submitted that the reports were placed on respective subject files which were in circulation at the time of audit. The reports had now been mobilised from the various files and were now available for verification. For the future, the Chief Registry Officer had been advised to open a permanent monitoring and evaluation file for all the reports for easy access.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail the monitoring reports to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress on the matter.

f) **Unauthorised Workshops and Seminars- K283, 661**

The Controlling Officer admitted that, at the time of audit, letters of authority from the Secretary to Cabinet were not availed for audit except for annual conferences organised by professional bodies and annual calendared events. She, however, informed your Committee that the approved letters of authority were placed on respective subject files which were in circulation at the time of audit. She stated that letters of authority had been traced and available for audit verification. The Office would streamline the record management system such as photocopying concerned authorities and attach them to payment vouchers prior to audit.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail letters of authority from the Secretary to Cabinet to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action was taken against the erring officers for this lapse. Your Committee awaits a progress on the matter.

g) **Unaccounted for Stores-K2,027,150**

The Controlling Officer submitted that stores ledgers were not updated at the time of audit due to low staffing levels. She, however, stated that all the receipts and disposal details were now available for verification. The office was addressing the staffing challenges it was facing.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail receipts and disposal details to auditors at the time of audit. The Controlling Officer is urged to take concrete steps to correct the situation. Your Committee resolves to close the matter subject to audit verification.

h) **Undelivered Services - FITCOM Limited**

The Controlling Officer submitted that this was caused by the sudden sickness and, subsequently, death of the Transport Officer who was coordinating the fitting of bull bars and toll bars. A demand letter had since been issued to Fitcom Limited demanding that payments pertaining to unfitted bull bars and toll bars be refunded.

In her oral submission, the Controlling Officer explained that two vehicles were now fitted with bull bars and tow bars and that only three were remaining.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the remaining vehicles are fitted with the bars without any further delay. Your Committee awaits a progress report on the matter.

i) **Unacquitted Allowances**

The Controlling Officer submitted that acquittal sheets were not availed for audit because they were misfiled, but these had since been traced.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail the acquittal sheets to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers for this lapse. Your Committee awaits a progress on the matter.

**MINISTRY OF HOME AFFAIRS-ZAMBIA POLICE**

**AUDIT QUERY**

PARAGRAPH 14

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

**Accounting and Other Irregularities**

14. An examination of accounting and other records maintained at the Zambia Police Headquarters and selected stations carried out during the period from February to April, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Supply and Delivery of Security Speed Boats - K25,598,280 (US\$4,650,000)**

The Controlling Officer acknowledged that in April, 2013, the Zambia Police Service engaged Iconic Limited to supply and deliver six security speed boats at a contract price of K25,598,280 (US\$4,650,000). The Controlling Officer submitted that the delay to supply and deliver the remaining three boats was as a result of the delay in the funding from Ministry of Finance. However, all the boats had since been delivered. The Controlling Officer further submitted that the technical specifications for the security speed boats were contained in the contract document which was available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Ministry to avail the technical specifications of the boats to the auditors which would have enabled them to scrutinise the competitiveness of the price at which the boats were procured at. In this regard, your Committee is reluctant to accept the price of K4,266,380 per boat as a competitive one as it seems to be on the high side. Your

Committee, therefore, requests the Auditor General to carry out a detailed scrutiny of the whole transaction to establish the competitiveness of the price. Your Committee awaits a progress report on the matter.

**b) Undelivered Ammunition-K411,660**

The Controlling Officer acknowledged that in August, 2013, the Zambia Police Service engaged Messrs Mzinga Corporation of Tanzania to supply and deliver various types of ammunition at a contract price of K411,660. The Controlling Officer further acknowledged that as at April, 2014, the ammunition had not been delivered due to the fact that clearance had not yet been granted by the Ministry of Defence. The Controlling Officer, however, explained that clearance was given in July, 2014, and the ammunitions were delivered by September, 2014.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification. Your Committee further strongly cautions the Controlling Officer against entering into contracts before the necessary approvals are obtained.

**c) Poor Workmanship on the Rehabilitation of Roan Police Station-K127,391**

The Controlling Officer acknowledged that the Zambia Police Force engaged Messrs Leanmall Investment Limited to rehabilitate the enquiries unit and cells at Roan Police Station at a contract price of K127,391. The Controlling Officer explained that the K31,664 was as a result of extra works which were done. The Controlling Officer further stated that all the works that were poorly done had since been redone while all other works had been completed. The final certificate completion had been issued by the Ministry of Transport, Works, Supply and Communications.

**Committee's Observations and Recommendations**

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

**MINISTRY OF CHIEFS AND TRADITIONAL AFFAIRS**

**AUDIT QUERY**

**PARAGRAPH15**

UNITS: Various  
PROGRAMMES: Various  
ACTIVITIES: Various

**Accounting and Other Irregularities**

15. An examination of accounting and other records maintained at the Ministry headquarters and a visit to selected departments in the provinces carried out in July, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

**a) Unaccounted for Stores - K179,787**

The Controlling Officer submitted that this was due to misfiling of documents. However, the above documents had since been found and attached to respective payment vouchers. As for the amount of K330,000 for fuel whose disposal details were not available at the time of audit, the disposal details were now available for verification.

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

Your Committee expresses concern at the failure by the officers to avail stores and disposal details to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress on the matter.

b) **Unremitted Tax - K13,167**

The Controlling Officer submitted that the Zambia Revenue Authority could not accept the cheques because the Ministry had not yet been allocated with a personnel identification number (PIN). By the time the Ministry was allocated the Personal Identification Number (PIN), some of the cheques had gone stale. However, the stale cheques amounting to K13,167 were replaced and paid to Zambia Revenue Authority.

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

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

c) **Missing Payment Vouchers - K772,694**

The Controlling Officer submitted that due to some movement and reallocation of offices during the year, some payment vouchers were misplaced and misfiled. However, out of the nineteen missing vouchers, five vouchers amounting to K242,845.20 had been found, leaving a balance of K529,848.80 and efforts were being made to locate the missing payment ones.

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

Your Committee observes that failing to avail payment vouchers at the time of audit is a serious omission as it can be used to conceal wrong doing. Your Committee, therefore, urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee further urges the Controlling Officer to find the remaining payment vouchers without further delay. Your Committee awaits a progress report on the matter.

d) **Questionable Payments - K159,545**

The Controlling Officer submitted that the activity reports in respect of the payments had been retrieved from the files.

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

Your Committee resolves to close the matter subject to audit verification

e) **Irregular Payment of Allowances - K941,200**

The Controlling Officer submitted that the meal allowances totalling K941,200 involving thirty-one transactions which were paid during the year were entered in the payroll for recovery. Some of the Officers had since completed paying back. The pay-slips for the affected officers were available for verification.

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

Your Committee awaits a progress report on the recovery of the outstanding amount.



f) **Irregular Payment of Salary Advances to Chiefs against Subsidy - K71,500**

The Controlling Officer submitted that the position was that there was no guideline for the Chiefs to be paid advances against their subsidies. However, the Ministry was compelled to pay advances to chiefs who presented a pressing problem in their Chiefdoms and these advances were being recovered from the monthly subsidies. The amount of K71,500 was being recovered from the respective chiefs and the documents were available for verification.

**Committee's Observations and Recommendations**

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

g) **Overpayment for Traditional Ceremonies - K35,000**

The Controlling Officer submitted that the guidelines on chiefs' entitlements that Government gave towards hosting of traditional ceremonies were internal administrative arrangements to help the Ministry extend a helping hand towards the hosting of traditional ceremonies. There had been some instances where there was compelling need to spend more than the standard amount of grants due to the Guest of Honour and other very important persons attending the ceremony.

**Committee's Observations and Recommendations**

Your Committee is of a view that this can be a recipe for fraudulent activities if left unattended to and urges the Controlling Officer to ensure that a policy framework for hosting of VIPs during traditional ceremonies and other related activities is put in place. Your Committee resolves to close the matter, but requests the Auditor General to take note of the matter in future audits.

h) **Unsupported Payment - K68,137**

The Controlling Officer submitted that the leave travel benefits and commutations amounting to K68,137 were paid to seven officers that went on vacation. The processing of leave benefits and commutations had been based on approved leave forms and computation of leave days for cash and long service bonus. However, it was regrettable that at the time of audit, the documents were not availed due to misfiling. The approved vacation leave forms and commutation of leave days for cash had since been located and were available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail approved vacation leave forms and commutation of leave days forms to the auditors at the time of audit. The Controlling Officer is further urged to ensure that the filing system is put in place to avoid recurrence. Your Committee resolves to close the matter subject to audit verification

i) **Rehabilitation of Chiefs Palace – Mpika District Council-K150,000**

The Controlling Officer submitted that the Ministry disbursed K150, 000 to Mpika District Council for the rehabilitation of Chief Luchembe's Palace. Due to the dilapidated state of the palace, the funds were used to construct a new one which the Chief was occupying. The new Palace was there for inspection.

**Committee's Observations and Recommendations**

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

j) **Lack of Payment Details for Retainers Wages-K491,040**

The Controlling Officer submitted that the two Councils, Solwezi and Masaiti, submitted the acquittal sheets for K366,480 and K124,560, respectively totalling K491,040. The amount of K124,560 for payment of the retainers sent to Masaiti was verified and recommended for closure.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

**MINISTRY OF HOME AFFAIRS**

**AUDIT QUERY**

PARAGRAPH 16

DEPARTMENTS: Various

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

**Accounting and Other Irregularities**

16. Examination of accounting and other records revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Rehabilitation of National Registration and Passport Offices in Chingola**

• **Failure to avail Bill of Quantities**

The Controlling Officer acknowledged that the Copperbelt Provincial Project Manager did not avail the bills of quantities for additional works to the auditors at the time of audit. The Controlling Officer, however, submitted that the bills of quantities for additional works were now available for audit verification.

**Committee's Observations and Recommendations**

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

• **Failure to obtain Procurement Authority for Excess Works**

The Controlling Officer acknowledged that the project manager verbally approved additional works in excess of the 25% of the contract sum without the approval of the Provincial Procurement Committee. The Controlling Officer explained, however, that the process was normalised and approval was subsequently granted by the Copperbelt Provincial Procurement Committee.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to ensure that internal control systems are strengthened to avoid recurrence of such anomalies.

• **Delayed Completion of Works**

The Controlling Officer submitted that the remaining additional works were re-measured and fresh bills of quantities were issued and a new contract awarded to the contractor to complete the works. The works had since been completed apart from the construction of an ablution block which would be completed once a certificate was received. The Controlling Officer submitted that going forward, the Ministry was constantly monitoring all infrastructure projects being undertaken in the provinces in order to ensure that such anomalies did not occur. The Copperbelt Provincial Permanent Secretary had since reprimanded the Provincial Buildings Engineer.

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

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to strengthen internal controls to avoid recurrence of such lapses.

b) **Rehabilitation of National Registration Offices in Mufulira – Lot 6**

- **Failure to avail Bill of Quantities**

The Controlling Officer acknowledged that the Copperbelt Provincial Project Manager did not avail the bills of quantity for additional works to the auditors at the time of audit. The documents were, however, now available for verification and the works had since been completed.

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

Your Committee urges the Controlling Officer to take disciplinary action against the erring officer. Your Committee awaits a progress on the matter.

- **Failure to obtain Procurement Authority for Excess Works**

The Controlling Officer submitted that it was regrettable that the project manager granted verbal authority to the contractor to undertake additional works which were in excess of the 25% of the contract sum without the approval of the Provincial Procurement Committee. However, the process was normalised and approved by the Copperbelt Provincial Procurement Committee. The Copperbelt Provincial Permanent Secretary had since reprimanded the Provincial Buildings Engineer.

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

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

- **Delayed Completion of Works**

The Controlling Officer submitted that the delay was because the contractor had been instructed to stop works on the project until authority for additional works was obtained from the Provincial Procurement Committee. Approval was obtained and the works had since been completed.

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

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

c) **Rehabilitation of Solwezi Records Centre-K51,936,170**

The Controlling Officer acknowledged that on 26<sup>th</sup> February 2013, the Ministry engaged Instalec Engineering to rehabilitate Solwezi Records Centre at a contract price of K51,936.17 with a completion period for thirty days. The Controlling Officer further informed your Committee that it was regrettable that the Ministry paid a total contract sum of K51,936.17 to the contractor before commencement of works and that no retention was charged. Further, the contractor demobilised from the site in October, 2014. With regard to the outstanding works, the Controlling Officer submitted that the construction of a water closet, provision of plumbing fittings, provision of sanitary fittings and fitting of ceramic floor tiles had since been completed. The building was ready for handover.

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

Your Committee observes that procurement procedures were flouted and urges the Controlling Officer to report the matter to investigative wings for further investigations. Your Committee awaits a progress report on the matter.

### **MINISTRY OF FOREIGN AFFAIRS**

#### **AUDIT QUERY**

PARAGRAPH 17

UNITS: Human Resource and Administration  
PROGRAMMES: Various  
ACTIVITIES: Various

### **Accounting and other irregularities**

17. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and foreign Missions revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Lack of a Strategic Plan**

The Controlling Officer submitted that a draft strategic plan had been developed and submitted to Management Development Division (MDD) for approval.

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

Your Committee expresses concern that the Ministry has since 2011, been operating without a strategic plan which made it difficult for stakeholders to appreciate the basis of the activities that the Ministry was carrying out. Your Committee urges the Controlling Officer to ensure that the draft strategic plan is approved by the Management Development Division. Your Committee resolves to await a progress report on the matter.

#### **b) Lack of updated Foreign Policy and Regulations**

##### *i. Foreign Policy*

The Controlling Officer submitted that the Foreign Policy had since been revised and was launched on the 17<sup>th</sup> October 2014.

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

Your Committee resolves to close the matter.

##### *ii. Foreign Service Regulations*

The Controlling Officer submitted that the revised draft Foreign Service Regulations had since been finalised and were undergoing consultations with stakeholders before approval.

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

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

#### **c) Irregular Payment-Travelling on first Appointment-K11,490**

The Controlling Officer submitted that the amount in question of K11,490 paid to facilitate the travel expenses for the fourth child of the High Commissioner to Ghana, had since been recovered in full.

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

Your Committee notes the submission, but urges the Controlling Officer to also take disciplinary action against the accounting officers who processed the irregular payment. Your Committee awaits a progress report on the matter.

### **MISSION ABROAD – LUBUMBASHI**

#### **AUDIT QUERY**

PARAGRAPH 18

PROGRAMMES: Various

ACTIVITIES: Various

#### **Accounting and other Irregularities**

18. An examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to remit Revenue Collections to Control 99 - K1,180,298 (US\$219,740)**

The Controlling Officer submitted that all revenue collected by the Mission had since been remitted to Control Account 99.

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

Your Committee urges the Controlling Officer to ensure that no funds are used at source without Treasury Approval. Your Committee urges the Controlling Officer to strongly caution the Mission to avoid a recurrence of this lapse. Your Committee resolves to close the matter subject to audit verification.

b) **Loss of Revenue due to Theft-K36,397 (US\$6,950)**

The Controlling Officer submitted that the Ministry had since prepared a loss report and explained that the delay in preparing the report was due to the change of staff at the Mission.

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

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

c) **Opening and Closing of Bank Accounts without Authority**

The Controlling Officer submitted that the Ministry had taken note of the observation made by the auditors and had since sought retrospective authority to regularise the accounts.

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

Your Committee expresses concern that no disciplinary action has been taken against the officers who disregarded Financial Regulations regarding the opening and closing of accounts. Your Committee urges the Controlling Officer to take disciplinary action against the erring officers and caution them to desist from committing such anomalies. Your Committee awaits a progress report on the matter.

d) **Employment of Locally Engaged Staff (LES) without Authority-K202,987 (US\$37,800)**

The Controlling Officer acknowledged that the Mission employed Visa Clerks who were not within its letters of authority establishment. The Controlling Officer explained that the Mission had been

cautioned for employing without authority. Further, the Ministry was studying the labour laws of the host nation to determine whether termination of the contracts of the excess staff would not lead to litigation.

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

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

#### **MISSION ABROAD – LILONGWE**

##### **AUDIT QUERY**

PARAGRAPH 19

PROGRAMMES: Various

ACTIVITIES: Various

#### **Accounting and Other Irregularities**

19. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to Insert the Diplomatic Clause in Lease Agreements**

The Controlling Officer submitted that the tenancy agreements entered into with the landlords were four and not five as stated in the audit report. Further, the Mission had renegotiated the inclusion of the diplomatic clause on all the four tenancy agreements.

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

Your Committee expresses concern that the Mission staff failed in their duties to ensure the insertion of a diplomatic clause which could have averted the loss of K31,200 (US\$6,000). Your Committee, therefore, recommends that the whole amount be recovered from the officers responsible for the omission. Your Committee awaits a progress report on the matter.

b) **Irregular Payment of Education Allowance-K7,622,933 (US\$11,106.26)**

The Controlling Officer submitted that the K7,622,933 which was irregularly paid as education allowance had since been recovered in full from the affected officer. The officer had since been warned and cautioned.

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

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

c) **Unaccounted for Stores- K34,213 (MK1,487,675.11)**

The Controlling Officer regretted the Mission's failure to account for stores and explained that the Ministry had since cautioned the High Commissioner. The Controlling Officer further explained that the Mission had since put measures in place through the use of the goods received voucher, stores requisition books and stores ledgers.

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

Your Committee expresses concern that the stores in question have not been accounted for and urges the Controlling Officer to ensure that all stores records are traced without further delay. Your Committee awaits a progress report on the matter.

**MISSION ABROAD – LONDON**

**AUDIT QUERY**

PARAGRAPH 20

PROGRAMMES: Various

ACTIVITIES: Various

**Accounting and other Irregularities**

20. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Transfer of Revenue without Authority-K5,203,834 (£589,789.87)**

The Controlling Officer submitted that out of the total revenue of £589,789.87 reported in the audit report as having been spent without authority, expenditure of £229,012.05 had authority from the Secretary to the Treasury who authorised the Mission to utilise it to rehabilitate Government property. The balance of £360,777.82 would be recovered from the Mission's funding over a period of six months. The High Commissioner had since been cautioned to desist from using funds without authority.

**Committee's Observations and Recommendations**

Your Committee resolves to await a progress report on the recovery of the balance amounting to £360,777.82.

b) **Missing Receipt Books**

The Controlling Officer regretted the anomaly, but informed your Committee that all the nineteen receipt books that were missing at the time of the audit had been traced.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to take disciplinary action against the officers who misplaced the receipt books. Your Committee resolves to await a progress report on the matter.

c) **Uncollected Passports**

The Controlling Officer submitted that the Mission contacted the owners of the forty-eight uncollected passports, informing them that the passports were ready, but only six passports had been collected leaving a balance of forty-two uncollected. The Controlling Officer explained that the Mission was awaiting guidance from the Chief Passport Officer on the way forward.

**Committee's Observations and Recommendations**

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

d) **Inadequately Supported Payments-K1,795,785**

The Controlling Officer submitted that the Mission had availed all the supporting documents.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Mission failed to avail accounting documents during the audit which is highly unacceptable. Your Committee resolves to close the matter, but urges the Controlling Officer to put measures in place to ensure that the anomaly does not recur. Your

Committee further urges the Controlling Officer to pay full attention to the work of the Auditor General in order to clear matters during audit.

e) **Unretired Imprest-K492,600**

The Controlling Officer submitted that all the imprest had since been retired and the Mission had been advised to ensure that all the retirement documents were available for audit.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to put measures in place to prevent recurrence of the irregularity.

f) **Property Management**

i. *Failure to Appoint a Housing Committee*

The Controlling Officer submitted that the Housing Committee had been put in place as per Foreign Service Regulations effective September, 2014.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter, but urges the Controlling Officer to ensure that all Missions are compliant with regulations on this matter.

ii. *Lack of Title Deeds for Mission Properties*

The Controlling Officer submitted that one title deed for 13 Foscoate Road was available while the other three title deeds were stolen whilst in the custody of the former Deputy High Commissioner. In his oral submission to your Committee, the Controlling Officer submitted that the matter was not expressly reported to the Police as the Ministry had to follow the procedure of reporting it to the Appointing Authority.

**Committee's Observations and Recommendations**

Your Committee does not rule out foul play on the part of the officials as it was not clear why the title was in the custody of an individual and not in the offices at the time of theft. Your Committee, therefore, urges the Controlling Officer to take all necessary steps to secure title deeds to the properties in question. Your Committee awaits a progress report on the matter.

iii. *Failure to Follow Procurement Procedures – The Official Residence*

• **Purchase of Furniture-K364,842 (£43,000)**

The Controlling Officer submitted that authority to purchase furniture was granted and was available for audit verification.

**Committee's Observations and Recommendations**

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

- **Garden Works-K466,438 (£52,865)**
- **Electrical and Gas Works-K326,644 (£37,806)**
- **Tanking Works to Basement Wall-K502,922 (£57,000)**



The Controlling Officer submitted that the officers responsible for the procurement and unlawful commitment of Government had since retired and the Ministry had written to the Attorney General for legal guidance and the response was being awaited.

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

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

#### **MISSION ABROAD –GENEVA**

##### **AUDIT QUERY**

PARAGRAPH 21

PROGRAMMES: Various

ACTIVITIES: Various

#### **Accounting and other Irregularities**

21. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to Prepare Bank Reconciliation Statements**

The Controlling Officer acknowledged the anomaly and submitted that the Mission had since prepared the bank reconciliations for the period under review.

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

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to ensure that all Missions' comply with this requirement.

b) **Inadequate Staffing Levels for Diplomatic Positions**

The Controlling Officer acknowledged the anomaly and submitted that the Ministry had since made recommendations to the Public Service Management Division (PSMD) to fill the vacant positions.

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

Your Committee expresses concern that so many positions at the Mission have remained vacant, a situation which has the potential to impact negatively on service delivery. Your Committee urges the Controlling Officer to ensure that the positions are filled without further delay. Your Committee resolves to close the matter, but requests the Auditor General to take note of the matter in future audits.

c) **Failure to Recover Repair Costs from Diplomats-K35,561 (US\$6,668)**

- **First Secretary's House-K12,216( US\$2,333)**

The Controlling Officer submitted that in respect to repairs at the First Secretary's residence, the landlord was paid for the damage to the shutter by the third party because the insurance company could not cover it. This, therefore, was supposed to be recovered from the First Secretary. The Ministry has since written to the former First Secretary to refund the amount in question.

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

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

- **First Secretary’s House-K8,218 ( US\$1,558)**  
The Controlling Officer submitted that the amount in question was for the telephone bill for the Ambassador’s residence and not the First Secretary as stated in the query. The former Ambassador had since refunded the stated amount.

**Committee’s Observations and Recommendations**

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

- **Counselor’s House**  
The Controlling Officer submitted that the amount in question was for replacement of ventilation filters. This was in accordance with Article number 24 of the tenancy agreement.

**Committee’s Observations and Recommendations**

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

- **Deputy Permanent Representative**  
The Controlling Officer submitted that the cost incurred for removal of satellite dish and damages to the rented house amounting to K1,218 and K13,160 respectively should have been borne by the former Deputy Permanent Representative. The Ministry had since written to the former Deputy Permanent Representative to refund the amount.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to caution the officers that processed these payments to avoid recurrence. Your Committee resolves to await a progress report on the matter.

**MISSION ABROAD –DAR-ES-SALAAM**

**AUDIT QUERY**

PARAGRAPH 22

UNITS:	Various
PROGRAMMES:	Various
ACTIVITIES:	Various

**Accounting and other Irregularities**

22. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Revenue**

- i. *Use of Revenue without Authority-US\$210,456.83*  
The Controlling Officer submitted that out of the US\$210,456.83, the Mission had authority from the Treasury to utilise US\$48,647. The balance would be recovered from the Mission’s funding over a period of six months. The Ministry had further cautioned the High Commissioner against using revenue without authority.

**Committee’s Observations and Recommendations**

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

- ii. *Failure to reimburse Revenue-US\$13,449*  
The Controlling Officer submitted that the Mission had been directed to reimburse the funds used from the revenue.

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

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

iii. *Failure to Collect Rentals – K70,195 (US\$12,999)*

The Controlling Officer submitted that the rentals had been paid up to December, 2014.

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

Your Committee expresses concern that the rentals are not being paid as they fall due which is unacceptable and urges the Controlling Officer to take steps to ensure that rentals are paid on time. Your Committee resolves to close the matter, but requests the Auditor General to take note of the matter in future audits.

b) **Failure to apply for Supplementary Provision Warrant-K304,970 (US\$56,476)**

The Controlling Officer acknowledged that the Mission did not apply for supplementary provisional warrant and the Ministry had cautioned the Mission to ensure that the conditions granted in the authority were adhered to.

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

Your Committee finds the Mission's failure to act as advised by the Treasury unacceptable and urges the Controlling Officer to ensure that this is done without further delay. Your Committee awaits a progress report on the matter.

c) **Lack of Monitoring of Work Plans**

The Controlling Officer submitted that the Ministry monitored the performance of the Missions abroad through weekly, monthly, quarterly and annual reports which were submitted to Headquarters. The Controlling Officer, however, acknowledged the irregular submission of reports by the various Missions. In 2015, the Ministry conducted a performance audit in order to monitor the performance of the Missions abroad.

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

Your Committee expresses concern at the Ministry's failure to effectively monitor the operations of the Missions abroad and urges the Controlling Officer to ensure the Missions abide by the reporting requirement without fail. Your Committee resolves to close the matter, but requests the Auditor General to take note of the matter in future audits.

d) **Irregularities in the Payments of Foreign Service Allowance**

i. *Wasteful expenditure-K29,072 (US\$3,466.80)*

The Controlling Officer submitted that the Ministry was awaiting the verdict of the courts on this matter before it could make recoveries on this expenditure, because the officer in relation to this matter had since been recalled from his tour of duty, but appealed to the courts on the matter.

In his oral submission, the Controlling Officer submitted that the Ministry was aware that the officer concerned was back in Zambia, but he had left his mother and his possessions in the House in Dar-es-salaam.

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

Your Committee notes the submission by the Controlling Officer, but urges him to be firm when handling staff issues so that the Ministry is not made to incur wasteful expenditure. Your Committee resolves to await the outcome of the court process.

- ii. *Irregular Payment of Child and Spouse Allowance-K9,659 (US\$1,800)*  
The Controlling Officer submitted that the child certificates for claiming child allowances were duly certified by the High Commissioner. The Controlling Officer explained further that according to the records, the officer was accompanied into the Foreign Service by the wife and the children and was eligible for spouse and child allowance.

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

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

#### e) **Locally Engaged Staff**

- i. *Failure to Avail Employment Contracts for Locally Engaged Staff*  
The Controlling Officer submitted that the contracts for all locally engaged staff had since been prepared.

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

Your Committee expresses concern that the Mission employed staff without making them sign contracts which is irregular. Your Committee urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee resolves to await a progress report on the matter.

- ii. *Irregular Appointment of a Stenographer-K19,564 (Tsh5,754,295)*  
The Controlling Officer submitted that the Mission had been advised to revert the stenographer back to the position of typist as per Foreign Service Regulations (FRS).

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

Your Committee expresses concern that the officer in question was irregularly appointed to the position of stenographer. Your Committee, therefore, recommends that the funds paid to her be recovered from the officers that caused the anomaly. Your Committee resolves to await a progress report on the matter.

#### f) **Irregular Use of Imprest for Procurements- K22,814 (Tsh6,806,000) in 2012 and K31,370 (Tsh9,670,054) in 2013**

The Controlling Officer submitted that the Mission used the cash to purchase air tickets and electricity units because small airlines and the electricity company TANESCO did not accept cheques for such purchases.

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

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

#### g) **Unaccounted for Stores-K130,293 (Tsh42,465,552)**

The Controlling Officer acknowledged the Mission's failure to account for stores and informed your Committee that measures had since been put in place including the use of the Goods Received

Notes, Stores Requisition books and Stores ledger. The Ministry had further cautioned the High Commissioner for failing to account for stores.

**Committee’s Observations and Recommendations**

Your Committee observes that the stores in question have not been accounted for and urges the Controlling Officer to ensure that stores records are found and availed for audit verification. Your Committee awaits a progress report.

**h) Failure to Insure Properties**

The Controlling Officer submitted that the Mission had since paid insurance for all the Mission’s properties.

**Committee’s Observations and Recommendations**

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

**i) Physical State of Properties**

The Controlling Officer submitted that the Ministry had noted the Auditor General’s observation on the state of properties at the Mission. The Controlling Officer further submitted that a delegation comprising staff from Ministry of Transport, Works, Supply and Communications, and Ministry of Foreign Affairs had visited the Mission to assess and prepare the bill of quantities for rehabilitation works. He noted that as at 27<sup>th</sup> February, 2015, the Ministry had received bills of quantities for two out of the six properties and the Ministry would commence the tendering process for the renovations.

**Committee’s Observations and Recommendations**

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

**j) Failure to Follow Procurement Procedures-K11,562,980 (Tsh3,301,604)**

The Controlling Officer regretted the Mission’s failure to obtain quotations and other necessary documents to support the payment to Roslac Engineering Limited. He explained, however, that the amount of K11,562.98 highlighted in the Auditor’s Report was within the Mission’s threshold. The Ministry had since cautioned the High Commissioner for failing to follow the procurement procedures.

**Committee’s Observations and Recommendations**

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

**MISSION ABROAD –GABORONE**

AUDIT QUERY

PARAGRAPH 23

PROGRAMMES: Various

ACTIVITIES: Various

**Accounting and other Irregularities**

23. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Lack of Safe**

The Controlling Officer submitted that a safe had been secured for the Mission and had since been installed.

**Committee's Observations and Recommendations**

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

b) **Inadequately Supported Payments-K3,609 (P5,866)**

The Controlling Officer submitted that the details for inadequately supported payments referred to in the Audit Report were not provided. He explained that the Ministry would endeavour to address the query upon receipt of the details of the payment in question.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all documents in respect of the amount of K3,609 (P5,866) are availed for audit without further delay. Your Committee awaits a progress report on the matter.

c) **Over Payment of Luggage Allowance-K7,047 (P11,301.15)**

The Controlling Officer acknowledged the overpayments made towards the luggage allowance and explained that the two officers had since refunded the overpayment. The Controlling Officer further submitted that the Ministry had written to the other officer to refund the excess paid to her since the information of the overpayment was received after she was already paid her gratuity.

**Committee's Observations and Recommendations**

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

e) **Outstanding Advances-K35,835 (P51,600)**

The Controlling Officer submitted that the amount of K6,446.40 was recovered from the officer through the payroll at K1,074 per month while the balance of K29,388.60 was paid in cash.

**Committee's Observations and Recommendations**

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

f) **Mission Properties**

i. *High Commissioner's Residence*

The Controlling Officer submitted that the cracks were due to environmental conditions. He noted that this situation was not only peculiar to the Zambian High Commission as most residences in the same location were experiencing the same problem. In view of the above, the Mission had been advised to source for the procurement of works to avoid further deterioration of the property.

**Committee's Observations and Recommendations**

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

- ii. *Chancery (Former Zambia Airways Offices)*  
The Controlling Officer submitted that the Ministry had made a budgetary provision of K26,400,000 in the 2015 budget for maintenance and rehabilitation of various properties including the Chancery.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the rehabilitation of this property is prioritised. Your Committee resolves to await a progress report on the matter.

#### **MISSION ABROAD – MAPUTO**

##### **AUDIT QUERY**

PARAGRAPH 24

PROGRAMMES: Various

ACTIVITIES: Various

#### **Accounting and other Irregularities**

24. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

##### **a) Lack of Ownership Documents for Three Mission Properties**

The Controlling Officer submitted that the Mission did not legally own two of the three mentioned properties in the Auditor General's Report. The properties were given gratis to the Zambian Government by the Mozambican Government in 1975. The Controlling Officer further submitted that the Mozambican Government had since issued one title deed for the High Commissioner's residence. The Controlling Officer added that the Zambian Government had been following up the matter, but the Mozambican Government had not responded.

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

Your Committee is not satisfied with the response by the Controlling Officer as the Country risked losing the properties in question. Your Committee, therefore, urges the Controlling Officer to ensure that title is secured without further delay. Your Committee awaits a progress report on the matter.

##### **b) Failure to Insure Buildings**

The Controlling Officer submitted that of the three properties in question, only one property legally belonged to the Government of the Republic of Zambia by virtue of owning title deeds. The Mission had engaged an insurance company to insure the Residence and were advised that if the Mission went ahead to insure the property in its current state, it would be undervalued. However, the Ministry had since advised the Mission to insure the property in its current state.

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

Your Committee urges the Controlling Officer to ensure that the properties are insured as required by regulations. Your Committee awaits a progress report on the matter.

c) **Rehabilitation of the Official Residence at Plot 20 Don Alfonso Henrique Avenue Maputo**

The Controlling Officer submitted that the remaining works after the termination of the contract had been advertised and the Ministry had since received bids for evaluation and possible awarding of the contract.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the works on the house are expedited to avoid further loss of public funds through payment of rentals. Your Committee awaits a progress report on the matter.

d) **Chancery Plot No. 1286 Kenneth Kaunda Avenue**

The Controlling Officer submitted that the Ministry had embarked on a phased approach of rehabilitating properties although the Maputo chancery had not been considered for this phase.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but observes that measures need to be put in place to attend to urgent needs such as leaking roofs. Your Committee resolves to close the matter, but requests the Auditor-General to take note of the matter in future audits.

**MISSION ABROAD –WINDHOEK**

**AUDIT QUERY**

PARAGRAPH 25

PROGRAMMES: Various

ACTIVITIES: Various

**Accounting and other Irregularities**

25. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Revenue**

i. *Unaccounted for Revenue-K1,302 (N\$2,755)*

The Controlling Officer submitted that the reported amounts were banked in January and June, 2012, respectively and the bank statements in this regard were available.

**Committee's Observations and Recommendations**

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

ii. *Failure to Collect Rentals-K206,003,080 (US\$39,089.74)*

The Controlling Officer submitted that the Mission had written to TV WORX to remind them about the outstanding payments and the Company had agreed to settle the dues. The Controlling Officer further submitted that the failure to collect rentals amounting to US\$39,089.74 for the financial year ended 31<sup>st</sup> December, 2011, was due to high legal costs which were more than the money to be recovered. He explained that efforts were still being made to collect the outstanding rentals of US\$39,089.74.



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

Your Committee urges the Controlling Officer not to relent, but to ensure that all the outstanding rentals are collected without further delay. Your Committee awaits a progress report on the matter.

iii. *Lack of Safe*

The Controlling Officer submitted that a safe had been bought for the Mission and had since been installed. On the missing receipt book, the Controlling Officer submitted that the Mission had since reported the matter to the police.

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

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

b) **Expenditure**

i. *Overpayment of Allowances-K2,412 (N\$4,044)*

The Controlling Officer submitted that the amount paid to the officer was within the officer's entitlement as per Vital Statistics Form.

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

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

ii. *Irregular Payment of Education Allowance Arrears-K33,750 (N\$55, 625)*

The Controlling Officer submitted that the amount in question had been included on the Casualty Form to be recovered from the former High Commissioner's gratuity.

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

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

iii. *Non-recovery of Utility Bills-K3,709 (US\$709.29/N\$5,854.28)*

The Controlling Officer submitted that the amount in question had been included on the casualty forms to be recovered from the former High Commissioner's gratuity.

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

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

iv. *Mission Properties*

The Controlling Officer submitted that the Mission had been allocated an amount of K300,000 in the 2015 budget to address the problems observed at the Chancery as well as House No. 14- Lydia Street- Ludwigsdorf.

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

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

**MISSION ABROAD –BRUSSELS**

**AUDIT QUERY**

PARAGRAPH 26

**PROGRAMMES:** Various

**ACTIVITIES:** Various

**Accounting and other Irregularities**

26. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to provide Information on Revenue Collected from Belsquare Residence**

The Controlling Officer submitted that the mandate of supervising Belsquare lay with Ministry of Finance through a Board which was chaired by the Permanent Secretary. The Controlling Officer explained that the property manager reported to the Board and the Ministry of Foreign Affairs did not collect any revenue from the Belsquare residence.

**Committee’s Observations and Recommendations**

Your Committee observes that unless the management problems surrounding the property are comprehensively addressed by the Government, the Country would continue to lose out on revenue accruing from the property. Your Committee reiterates its previous recommendation that the Government should take concrete steps to address the matter. Your Committee awaits a progress report on the matter.

b) **Payments for Inventory Expert Fees-K33,367**

The Controlling Officer submitted that the inventory reports for the rented accommodation involving six transactions relating to fees paid to the experts were available for verification.

**Committee’s Observations and Recommendations**

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

c) **Rehabilitation of the Chancery-Avenue Moliere 469 1050 Bruxelles**

The Controlling Officer submitted that the provision was only meant for the renovations of the reception area and the two offices on the third floor. The renovation works were carried out as stipulated in the contract. The Controlling Officer also informed your Committee that the Ministry was concerned about the cracks underneath the balcony and the rusty steel bars and had since advised the Mission to source for quotations to remedy the situation.

**Committee’s Observations and Recommendations**

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

## **MISSION ABROAD –HARARE**

### **AUDIT QUERY**

PARAGRAPH 27

PROGRAMMES: Various

ACTIVITIES: Various

### **Accounting and other Irregularities**

27. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to Collect Revenue from Rented Properties-K234,263 (US\$42,320)**

The Controlling Officer submitted that the Mission had since evicted tenants who had outstanding rentals. Further, the Mission was in the process of engaging a lawyer to expedite the process of debt collection.

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

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

b) **Failure to adhere to Procurement Procedures-K128,744 (US\$25,748.75)**

The Controlling Officer acknowledged the failure by the Mission to adhere to procurement procedures and explained that the Ministry had since written to the Ambassador cautioning her against making payments without authority.

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

Your Committee is of the view that the Controlling Officer should take a firmer position on the matter and report it to investigative wings for further investigations. Your Committee awaits a progress report on the matter.

c) **Weaknesses in the Management of Properties**

The Controlling Officer acknowledged that all the properties had defects and explained that the Ministry had made a budgetary provision of K26,400,000 in the 2015 budget to renovate Government properties in Missions Abroad.

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

Your Committee notes the submission and urges the Controlling Officer to ensure that properties that have deteriorated the most are given priority in the renovations. Your Committee resolves to close the matter but urges the Auditor General to take note of the matter in future audits.

## **MISSION ABROAD –PRETORIA**

### **AUDIT QUERY**

PARAGRAPH 28

PROGRAMMES: Various

ACTIVITIES: Various

### **Accounting and other Irregularities**

28. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Delayed Banking of Revenue-K519,412 (ZAR916,610)**

The Controlling Officer acknowledged that there was a delayed in banking revenue amounting to K519,411.72 and explained that to address this problem, the Mission had with effect from June, 2014, put in place measures where clients were depositing funds directly into the revenue account.

**Committee's Observations and Recommendations**

Your Committee observes that there was no valid reason for the Mission to fail to bank revenue as required by Financial Regulations and, therefore, urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee awaits a report on the matter.

b) **Unaccounted for Revenue-K1,677 (ZAR2,960)**

The Controlling Officer submitted that all the revenue had since been accounted for.

**Committee's Observations and Recommendations**

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

c) **Payments without Authority-K17,698 (ZAR33,920)**

The Controlling Officer submitted that retrospective authority for the High Commissioner to travel with his spouse was granted.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to verification.

d) **Borrowed Funds not Reimbursed-K6,090 (ZAR10,453.50)**

The Controlling Officer submitted that the amount of K6,090 (ZAR10,453.50) equivalent to US\$1,136.25 had since been reimbursed.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to verification.

e) **Mission Properties – High Commissioner's Residence**

The Controlling Officer submitted that the Mission had engaged the Local Council in Pretoria to conduct an assessment to determine the depth of the cracks as per Local Authority requirement before works could commence. The Ministry would also engage the Ministry of Transport, Works, Supply and Communications to guide on the way forward after receipt of the report from the Local Council.

**Committee's Observations and Recommendations**

Your Committee awaits a progress report on the matter.

**MISSION ABROAD – ROME**

**AUDIT QUERY**

PARAGRAPH 29

PROGRAMMES: Various

ACTIVITIES: Various

**Accounting and other Irregularities**

29. Examination of accounting and other records maintained at the Ministry of Foreign Affairs and the Mission revealed several accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to Recover Advances-K79,187 (€12,102.21)**

The Controlling Office submitted on the status of the advances as set out below.

i. *First Secretary Political and Administration - €7,500*

The Controlling Officer submitted that the amount advanced to the officer was being recovered.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification

ii. *Third Secretary – Personal Secretary - €7,000*

The Controlling Officer submitted that the Ministry had written to the former Third Secretary and the Payroll Management and Establishment Control (PMEC) to institute recoveries.

**Committee's Observations and Recommendations**

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

iii. *First Secretary – Agriculture - €17,806.67*

The Controlling Officer submitted that the advance for the former First Secretary - Agriculture had been captured on the casualty form and would be recovered from her gratuity.

**Committee's Observations and Recommendations**

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

b) **Failure to Recover Utility Bills Contribution-K78,189(€11,418)**

The Controlling Officer submitted that the utility bills contributions amounting to €2,788.55 (K18,444.87) had since been recovered from the Ambassador whilst the unrecovered balance of €9,198.82 (K60, 980.03) related to the former Ambassador who had since been retired.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to take steps to recover the balance of €9,198.82 (K60,980.03) from the former Ambassador. Your Committee awaits a progress report on the matter.

c) **Unaccounted for Stores-K588,178**

The Controlling Officer acknowledged the Mission's failure to account for stores and had since cautioned the Ambassador. Further, the Mission had since put measures in place including the use of Goods Received Notes and Stores Requisition Ledgers.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Mission has not accounted for the stores and urges the Controlling Officer to ensure that stores records are found without further delay. The Controlling Officer is also urged to take disciplinary action against the officers responsible for the anomaly. Your Committee awaits a progress report on the matter.

**DISASTER MANAGEMENT AND MITIGATION UNIT (DMMU) – HEADQUARTERS**

AUDIT QUERY

PARAGRAPH 30

UNITS: Disaster Management and Mitigation Unit

PROGRAMMES: Various

ACTIVITIES: Various

**Accounting and Other Irregularities**

30. An examination of accounting and other records maintained at the DMMU Headquarters and physical inspections of projects in selected districts carried out during the period from June to October, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Missing Payment Vouchers-K1,560,229**

The Controlling Officer submitted that the missing payment vouchers at Headquarters were misplaced in the stores where they were kept. As a corrective measure, the Unit was now on the Integrated Financial Management Information System (IFMIS) and all accounting including storage of payment vouchers, would be done at DMMU. Further, staffing levels in the Accounting Unit had improved from two to four. As for the missing payment voucher at Mongu, the Controlling Officer submitted that this was due to misplacement and late submission and the office had been advised to store the documents properly for easy retrieval in future.

**Committee's Observations and Recommendations**

Your Committee observes that the query was a direct result of negligence on the part of the officers and poor supervision by Management. Your Committee finds this unacceptable and urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

b) **Unretired Imprest-K143,183**

The Controlling Officer submitted that the anomaly was mainly due to misplacement of retirement documents. The Controlling Officer explained, however, that imprest in respect of Headquarters, Mongu, Choma and Kasama offices amounting to K132,170 had been retired leaving a balance of K11, 013 which was in respect of the Chipata Office. The Controlling Officer further explained that the two officers with outstanding imprest were convicted and imprisoned making it difficult to pursue the retirements. The recoveries would be effected from these Officers after they served their jail sentences.

**Committee's Observations and Recommendations**

Your Committee expresses concern with the general poor management of imprest by the DMMU

and urges the Controlling Officer to take steps to avoid such laxity on the part of his management. Your Committee resolves to close the matter, but urges the Auditor-General to take note of the matter in future audits.

c) **Unsupported Payment Vouchers-K7,300**

The Controlling Officer submitted that the anomaly was due to misplacement of documentation by the officers. The Controlling Officer further submitted that contract forms had been traced while the Regional Coordinator had been directed to obtain written confirmation of receipt for the payment from Zamtel, failure to which appropriate action would be taken against him.

**Committee's Observations and Recommendations**

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

d) **Unaccounted for Stores-K1,193,960**

The Controlling Officer submitted that the matter had since been cleared and resolved by the Auditor General.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

e) **Overpayment of Fuel Imprest – K57,574**

The Controlling Officer submitted that the anomaly resulted from a lack of a formula for use in the determination of fuel requirements for trucks. He noted that the Management used the formula for estimated local distances and doubled the 4 x 4 formula for the trucks. This money was, therefore, not given to the officers as accountable imprest and as such Management took responsibility for this oversight and not the individual officers. All the assignments were, however, conclusively undertaken. The Controlling Officer further submitted that consultations were made with the Ministry of Transport, Communications, Works and Supply who had since advised that both the intra-district trips and truck inter district trips should be handled as accounting imprest. The DMMU had started utilising this guidance of providing accounting imprest for all intra-district trips and trucks inter district-trips.

**Committee's Observations and Recommendations**

Your Committee expresses concern that Management did not seek advice from the Ministry of Transport, Communications, Works and Supply before authorising the imprest which is unacceptable. Your Committee cautions the Controlling Officer to avoid such actions which result in inefficient use of public funds. Your Committee resolves to close the matter.

f) **Failure to return Tents**

The Controlling Officer submitted that the uncollected tents were still in use in the affected areas of Sikongo District and were to be collected once the affected communities had constructed new houses.

**Committee's Observations and Recommendations**

Your Committee observes that failure to collect the tents as per contract is against the spirit of disaster reliefs which are meant to be temporary in nature. Your Committee resolves to close the

matter, but requests the Auditor General to take note of the matter in future audits.

g) **Procurement of Maize Seed for Army Worm Infected Victims**

The Controlling Officer submitted that the test check undertaken by the auditors was not a true reflection of the actual transaction that took place. The audit query referred to the quoted price of K10,771.92 and a claim price of 11,576 per tonne which DMMU and MRI did not use. On 19<sup>th</sup> December, 2012, the National Disaster Management Procurement Committee approved the award of supply of maize seed as set out in table below.

	<b>Supplier s</b>	<b>Qty (Mt)</b>	<b>Estimated Cost (K)</b>	<b>Varied Qty (Mt)</b>	<b>Varied Cost (K)</b>
1	MRI Agro	387.92	4,709,023,840	1,664.5	17,929,859,4 40
2	Pannar Seed	30	372,000,000	517.94	6,422,456,00 0
3	Seed Co	1362.24	5,448,960,000	0	0
4	Zamseed	66.16	556,875,000	66.16	556,875,000
5	Farmers Barn	3	41,250,000	101.08	1,389,850,00 0
		<b>1849.32</b>	<b>11,128,108,840</b>	<b>2,337.68</b>	<b>26,299,040,4 40</b>

The Controlling Officer further submitted that the Procurement Committee approved variation to the contract so that the company supplying seed in a particular district could also supply to the nearest district which would come on board. This was in order to ensure suitability of variety and minimise loss on planting time.

The Controlling Officer explained that on the same day the suppliers were contacted and issued with the orders as they were expected to deliver the maize seed within 24 hours. On 20<sup>th</sup> December, 2012, Seed.Co informed DMMU through a letter that they had made an error on their pricing of K4,000,000 per tonne. Seed.Co stated that their correct market price was K12,000,000 per tonne and would offer a discount of 17% resulting in a price of K10,000,000 per ton. In this regard, the issue was referred to the Evaluation Committee and the Procurement Committee which recommended that the contract awarded to Seed. Co be terminated and the quantities be allocated to the other bidders. The Evaluation Committee also considered the new districts that had come on board.

The Controlling Officer submitted that the price of seed varied according to variety, availability and district ranging from K10,052 in Kafue to K13,008 in Mbala. However, the only variation to the price was where MRI, the supplier, informed DMMU on 17<sup>th</sup> December, 2012, that it could only supply up to a maximum of 570 metric tonnes of early maturing varieties (MR1-455 and MRI-514) and any additional metric tonnes would have to be of early/medium maturing varieties (MR1-534 and MRI-594). This submission included proforma invoices which clearly reflected the prices for the MRI-534 and MRI-594, which was supplied as they had run out of the MRI-455 and MRI-514. DMMU agreed to this price difference as the supplier informed the Unit on the only alternative available considering that the time had run out and the competitors' prices were higher and in most cases, did not even have stocks. This mostly affected Chibombo, Chongwe and Mumbwa districts.



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

Your Committee expresses concern that the Controlling Officer did not take advantage of the audit process to address the matter. Your Committee resolves to close the matter subject to audit verification.

i. *Failure to inspect Maize Seed – Chipata*

The Controlling Officer submitted that no replacement or refund was made by the supplier for the infected 23.35 metric tonnes of seed as all the 31 metric tonnes that were delivered to Chipata were received in good condition by DMMU agents. This was exemplified by the fact that the 7.65 metric tonnes from this truckload were actually distributed to Petauke, Katete and Nkwengwe communities and there were no negative reports. The Controlling Officer added that the seed which went to waste was to be distributed on the 2013/2014 farming season. Before distributing it, an inspection was carried out to ascertain the status of the seed and it was this assessment that revealed that the seed was infested with weevils and larger grain borer. Management took full responsibility for this system failure.

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

Your Committee resolves to close the matter, but cautions management against recurrence of this anomaly.

ii. *Failure to Provide Records of Maize Seed Distribution – Choma-K121,060*

The Controlling Officer submitted that DMMU only entered into a contract for 0.6 metric tonnes and not 14.08. As such, the Unit distributed and paid for the same quantity.

The Auditor-General acknowledged the Controlling Officer's position on the quantities.

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

Your Committee resolves to close the matter.

iii. *Failure to Distribute Maize Seed – Ndola*

The Controlling Officer submitted that the matter had been addressed and cleared by the Auditor-General.

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

Your Committee urges the Controlling Officer to ensure matters are addressed during the audit process. Your Committee resolves to close the matter.

h) **Unaccounted for General Stores — Mongu-K49,873**

The Controlling Officer submitted that records detailing receipt and disposal of stores items were now available.

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

Your Committee urges the Controlling Officer to put measures in place to prevent recurrence of the anomaly. Your Committee resolves to close the matter subject to audit verification.

## MINISTRY OF LOCAL GOVERNMENT AND HOUSING

### AUDIT QUERY

PARAGRAPH 31

PROGRAMMES:       Loans and Investments  
                          Physical Planning and Housing Department  
                          Infrastructure and Support Services  
                          Decentralisation Secretariat

ACTIVITIES:        Various

### **Accounting and other Irregularities**

31. An examination of accounting and other records maintained at the Ministry Headquarters and visits to selected Local Authorities and Commercial Water Utilities carried out in July, 2014, revealed the following as set out below.

#### **a) Misapplication of Funds-K1,910,018**

The Controlling Officer submitted that this was due to erratic release of monthly Recurrent Department Charges (RDCs). Despite funds not being received on time, the Ministry was required to meet rentals for the Minister who was not accommodated as well as to meet the leaders' monthly fuel requirements. The Controlling Officer further clarified that the Department of Housing and Infrastructure Development (DHID) had borrowed K1,800,000 from the Grants Account to pay terminal benefits to former workers of the defunct National Housing Bond Trust (NHBT) in 2011 and this matter came before the Public Accounts Committee which directed the Ministry to ensure that the funds were reimbursed to the Grants Account. Therefore, the Department of Housing and Infrastructure Development was merely refunding the K1,800,000 to the Grants Account.

The Controlling Officer submitted further that the effect of these borrowings on program management activities was now being cushioned by the use of Provincial DHID and district staff to carry out Monitoring and Evaluation activities on projects. Capital projects such as the construction of river crossings and the rehabilitation of six towns were not affected as the funds in question were not of capital nature. Going forward, the Controlling Officer assured your Committee that all inter-departmental borrowings would be monitored and refunds made on time.

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

Your Committee sternly cautions the Controlling Officer to desist from misapplying funds at the expense of development programmes. Your Committee, however, urges the Controlling Officer to ensure that he liaises with the Office of the Secretary to the Treasury on erratic funding to avoid recurrence, but requests the Auditor General to take note of the matter in future audits.

#### **b) Questionable Debt – Consultancy Fees**

The Controlling Officer submitted that the contracts for the consultancy services and construction works were entered into between National Housing Trust Bond (NHBT) and DH Engineering Consultants and the responsibility for custody of records at the time was with NHBT. However, after the dissolution of the Trust, the Ministry of Local Government and Housing assumed the responsibility of the assets and settlement of any outstanding liabilities through an Exit Audit which was conducted by a team from the Controller of Internal Audits under the Ministry of Finance to establish the Assets and Liabilities for NHBT.

As for the payment made to the consultant, this was based on the indebtedness which was established in the report of the Controller of Internal Audits under the Ministry of Finance. This payment included the principal amount as well as the interest which needed to be paid at the time of final settlement. Further, the reported over-payment was interest accrued as a result of delayed

payment which was supposed to be made in 2010, but the Ministry only made the payment in 2013. The report was available for verification.

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

Your Committee urges the Controlling Officer to provide the contract and the computation of the interest paid amounting to K810,224 failure to which the matter should be reported to investigative wings for further investigations. Your Committee resolves to await a progress report on the matter.

c) **Unaccounted for Toner Cartridges**

The Controlling Officer submitted that the structure for the position of stores officer was delinked together with the Ministry of Chiefs and Traditional Affairs from the Ministry of Local Government and Housing. This contributed to the challenges of not having all documents pertaining to certain procurements for some period of time. He, however, explained that the Ministry had seconded a registry clerk and an assistant procurement officer to perform the functions of a stores officer.

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

Your Committee expresses concern at the failure by the Controlling Officer to ensure that stores items are accounted for on despatch. Your Committee observes with concern that such loopholes are a recipe for fraudulent activities and must not be condoned. Your Committee directs the Controlling Officer to ensure that toners are availed for audit verification. Your Committee resolves to await a progress report on the matter.

d) **Contract for the Supply of Ten (10) Edraulic Emergency Rescue Equipment**

The Controlling Officer submitted that the contract was not availed to the auditor at the time of audit because the contracts had been wrongly moved to the town office where all contracts for previous years were secured due to limited space at the Ministry. As for the equipment, the Controlling Officer submitted that as at August, 2014, all the equipment had been delivered. He, however, reported that the contract had been retrieved and was now available for verification.

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

Your Committee expresses concern that the Controlling Officer failed to avail the contracts during the audit process and strongly cautions him for the anomaly. Your Committee resolves to close the matter subject to audit verification.

e) **Donation of 22 Second Hand Fire Fighting Equipment**

i. *Contract for the Transportation of Donated Fire Tenders*

The Controlling Officer submitted that the contract was not availed at the time of audit because the Ministry did not enter into a contract with the transporter as this was done by the Zambian Embassy in Japan on behalf of the Ministry. On the issue of the overpayment amounting to K189,757, the Controlling Officer clarified that it was as a result of the exchange rate differences between the date of invoice and settlement. As for the K454,000 the Controlling Officer contended that no such payment was made as observed by the auditor. The Controlling Officer also submitted that the Ministerial Procurement Committee granted authority to procure the services of Joint International Company Limited of Japan to transport twenty two fire-fighting equipment and four refuse trucks donated by Society for Promotion of Japanese Diplomacy (SPJD).

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

Your Committee expresses concern at the casual manner the Controlling Officer responded on the issue of the over payment. Your Committee directs the Controlling Officer to provide evidence of the exchange rate difference for audit verification. Your Committee awaits a progress report on the matter.

ii. *Questionable Transfer of Funds*

The Controlling Officer submitted that the amount indicated of K852,693 was the kwacha equivalent for the transfer of payments made to Joint International Company Ltd for USD157,760 and part of the sum total paid.

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

Your Committee expresses concern at the failure by the Controlling Officer to clarify the issue of payments with the Auditors. Given that the Controlling Officer disputed the figures given in the audit report, your Committee requests the Auditor General to subject the matter to further scrutiny.

iii. *Undelivered Fire Tenders*

The Controlling Officer submitted that as part of efforts for securing Government funds, payments were being made upon receipt of the bill of lading. However, the transporter demanded for an upfront payment before the bill of lading for the last batch could be released. The Ministry had no funds to pay the transporter hence the delay which resulted in the accumulation of demurrage and clearing charges. The Controlling Officer submitted that a team of officers from the Ministry of Local Government and Housing were sent to Dar- Es -Salam, Tanzania to negotiate for the reduction of the accumulated storage charges and the release of the remaining five fire fighting equipment. The team, together with embassy officials, visited Trans Africa Logistic Limited (TALL) where the equipment was being kept. TALL was an agent of Tanzania Port Authority. It was during that visit that the team was informed of the auction that took place and which resulted in one of our fire tenders being bought by a Tanzanian National at a price of Tsh27,000,000. The Zambian High Commissioner to Tanzania submitted a complaint to the relevant authorities in Tanzania and a report was also submitted to the Secretary to the Cabinet. However, the team went ahead to negotiate for the remaining four (04) fire tenders resulting in the reduction of the port charges from USD114,494.64 to USD57,778.39. The reduced port charges were fully paid and the four fire tenders were released and delivered to Zambia. Documentation was available for verification by the Auditor. The Controlling Officer also added that auctioning of the equipment was a prerogative of the port authority and the Ministry had no control over it.

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

Your Committee observes that the loss of one fire Tender could have been avoided and urges the Controlling Officer to report the matter on the loss of the fire tender to investigative wings for further investigations. Your Committee also urges the Controlling Officer to recover the amount of K41,293 from Raid Investments. Your Committee awaits a progress report on the matter.

f) **Failure to Reimburse Funds-K162,319 (US\$30,059)**

The Controlling Officer submitted that at the time of payment, the request to pay Shelter Afrique indicated that funds would be borrowed. However, actual payment was made from funds within the department, as a result, there was no borrowing. The Controlling Officer further submitted that the

funds that were used for the general meeting and symposium were under the Department of Housing and Infrastructure Development (DHID). This Department was responsible for Water Supply and Sanitation as well as Housing Development. Therefore, it could not reimburse itself funds that it applied on its own activity.

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

Your Committee observes that the funds were clearly misapplied because the implementation of planned activities was affected. Your Committee directs that all the funds should be reimbursed without any further delay. Your Committee awaits a progress report on the matter.

#### **g) Questionable Payment of Allowances**

The Controlling Officer submitted to your Committee that the bank reconciliation statements were not availed at the time of the audit because the files had been inadvertently transferred to the town office for custody. This was at the time when the Ministry were trying to create space for new accounting officers who had been employed. The Controlling Officer explained that the bank reconciliations files were retrieved and were now available for verification. He also added that all documents were now being kept at the Ministry and would only be transferred to the town office after audits were concluded.

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

Your Committee does not accept the reasons given by the Controlling Officer. He is therefore urged to ensure that disciplinary action is taken against the erring officers. Your Committee further urges the Controlling Officer to avail reconciliation and attendance registers for audit verification. Your Committee awaits a progress report on the matter.

#### **h) Unaccounted for Stores-K597,750**

The Controlling Officer submitted that this was because there was no stores officer in the Ministry to perform the duties of receiving goods and issuing relevant documentation. He further submitted that the Ministry had seconded a registry clerk to perform functions of stores officer and that there were plans to review the structure to create a position of stores officer. Further, all departments had been warned against receiving goods, without involving the stores section.

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

Your Committee does not accept the reasons given by the Controlling Officer and urges him to ensure that all documents are availed to auditors without any further delay. Your Committee further urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

#### **i) Lack of Reports on Activities Purported to have been undertaken-K644, 733**

The Controlling Officer submitted that a directive was given to all departments to ensure that all officers undertaking monitoring and evaluation assignments submitted reports upon completion of the assignments. The Controlling Officer further submitted that nine officers submitted the reports and the funds that were used for their assignments amounted to K445,630.40. The Controlling Officer further submitted that a system had been put in place where all imprest retirements had to be accompanied by reports of the work undertaken.

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

Your Committee urges the Controlling Officer to ensure funds are recovered from erring officers. Your Committee awaits a progress report on the matter.

j) **Inadequately Supported Payment Vouchers-K632,475**

The Controlling Officer submitted that this was because there was no stores officer in the Ministry in this period to perform the duties of receiving goods and issuing relevant documentation. The Ministry had seconded a registry clerk to perform the functions of a stores officer. The Controlling Officer also submitted that his Ministry had plans to review its structure to create a position of stores officer. This would be possible once the employment freeze was lifted. Further, all departments had been warned against receiving goods, without involve the stores section.

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

Your Committee notes the submission and urges the Controlling Officer to ensure that all documents are traced and availed to auditors without any further delay. Your Committee also urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

k) **Missing Payment Vouchers-K2,091,882**

The Controlling Officer submitted that the vouchers in question were in the office of one of the Officers who was on suspension. After the revelation of the alleged fraud involving CDF, it was suspected that the officer may have deliberately hidden the vouchers in question. Thus, they could not be availed for audit. The matter was in the hands of law enforcement agencies and access to all accounting documents had been restricted to authorised officers only.

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

Your Committee expresses serious concern of the weak internal controls as observed on this Ministry. The Controlling Officer is urged to ensure that internal controls are strengthened to curb such irregularities and that all available options were employed to ensure that documents were availed to auditors without any further delay. Your Committee awaits a progress report on the matter.

l) **Questionable Payment of Allowances and Undertaking of Activities-K718,800**

The Controlling Officer submitted that due to limited staffing levels at the time and the specialised nature of some of the activities, officers were required to work on several assignments which led to the accumulation of days. In other instances work was undertaken months earlier and because of lack of funding, they could not be paid immediately. Payments were only made once funds were received which may have appeared as over payments. The Controlling Officer, however, submitted that Government abolished all forms of administrative allowances from September, 2013. Furthermore, he stated that a system had been put in place where all imprest retirements had to be accompanied by reports of the work undertaken.

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

Your Committee does not accept the reason given by the Controlling Officer and urges him to recover the funds and also take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

m) **Disbursement to Projects and Institutions-K5,543,497**

The Controlling Officer submitted that it took long to take action because, at time the reports were requested, there was no one at Zambia Low Cost Housing Development Fund Trust (ZLCDFT) to prepare the reports. The Controlling Officer added that funding to the institution had remained suspended.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to act on such a serious matter promptly and urges him to take drastic steps to ensure that the matter is addressed. Your Committee awaits a progress report on the matter.

n) **Disbursement to Provincial Department of Housing and Infrastructure Development (DHID) Offices and Councils**

i. *Failure to Implement Funded Activities-K5,128,804*

The Controlling Officer submitted that the guidelines for the utilisation of funds were sent out to all councils and the procurement process and works were at various stages in all the councils. He, however, stated that all future disbursements of funds to provincial offices and councils would now be accompanied by strict guidelines.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to send guidelines to the recipient councils which resulted in delayed implementation of projects. Your Committee urges the Controlling Officer to take measures to improve the disbursement of future funding. Your Committee resolves that the Auditor General notes the matter in future audits.

ii. *Livingstone District Council – Rehabilitation of Fire Station-K800,000*

The Controlling Officer submitted that Livingstone City Council had written to the Provincial Administration Office – Southern Province recommending the termination of this contract.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Controlling Officer has not been aggressive in having the matter resolved and reminds the Controlling Officer of the duty he owed the nation to ensure that funded projects were executed in accordance to schedules of work.

iii. *Luanshya Municipal Council-Wasteful Expenditure -Construction of a Market at Walale - K200,000*

The Controlling Officer submitted that the K200,000 given to Luanshya Municipal Council was meant for two markets, Walale and D market each apportioned K100,000. The Contractor who was engaged for Walale market and paid a down payment of K40, 000 had since had his contract terminated and the matter was before court for the contractor to answer charges of theft while the balance of K60, 000 was used to finish off the Market.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but expresses concern at the period it took for the Controlling Officer to act on the matter. Your Committee urges the Controlling Officer to ensure that matters of this nature are acted upon promptly to avoid losing time on the much

needed benefits from the project upon completion. Your Committee awaits a progress report.

## **MINISTRY OF FINANCE-LOANS AND INVESTMENTS**

### **AUDIT QUERY**

PARAGRAPH 32

PROGRAMMES: Various

ACTIVITIES: Various

### **Accounting and other Irregularities**

32. An examination of accounting and other records maintained at the Ministry Headquarters and various institution carried out during the period from June to September, 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unappropriated Expenditure-K1,423,390**

The Secretary to the Treasury submitted that the funds in question were expended according to the appropriation by Parliament in that the payment to Mukuba Pension House was for the settlement of rental bills for the Great Lakes Region Offices and the amount paid as Tribunal fees and expenses was the UNCITRAL Arbitration appropriated under the United Nations.

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

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

b) **Projects and Institutions**

i. *Inadequately Supported Payments-K1,453,288*

The Secretary to the Treasury submitted that the documents to support the payments amounting to K1,453,288 were traced and availed for audit and the matter was resolved.

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

Your Committee resolves to close the matter.

ii. *Missing Payment Vouchers-K545,950*

The Secretary to the Treasury submitted that the missing payment vouchers for the payments amounting to K545,950 were traced and availed for audit and, therefore, the matter was resolved.

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

Your Committee resolves to close the matter.

iii. *Failure to recover Advance Payment from Terminated Contract – Zambia Revenue Authority (ZRA)*

The Secretary to the Treasury submitted that the Zambia Revenue Authority recovered the amounts due on the performance bond guarantee amounting to K278,856 and the proof of the payment was availed for audit scrutiny and, therefore, the matter was resolved.

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

Your Committee resolves to close the matter.



iv. *Delayed Utilisation of Funds-Lusaka South Multi-Facility Economic Zone (LS MFEZ) Limited*

The Secretary to the Treasury submitted that the management had been cautioned for investing of the funds without Treasury Authority and for failing to declare the interest earned to the Treasury as per the *Public Finance Act*. The Secretary to the Treasury further informed your Committee that the funds in question could not be utilised at the time of the audit because the procurement process for the infrastructure and utility systems (Water and Sewer network, waste water treatment plant, tele-communications, construction of power substation, solid waste management systems and construction of offices) had not been concluded. The procurement processes were concluded and all the funds amounting to K30 million had since been expended. The expenditure details were availed for audit verification and the Auditor General resolved to keep the matter of the utilisations on the additional funds for the 2014 Budget under consideration.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

v. *Misapplication of Recapitalisation Funds – Tanzania Zambia Railway Authority (TAZARA) - K13,515,295*

The Secretary to the Treasury submitted that the misapplication of the funds by the Controlling Officer of the Ministry of Transport, Works, Supply and Communications was a serious breach of the *Public Finance Act* for which he had been cautioned. The Secretary to the Treasury explained, however, that the Treasury had since granted retrospective authority to normalise the expenditure after a request by the Controlling Officer. The Treasury had directed that the funds be recovered from operations once the Company's financial position improved and channeled back to the recapitalisation activities.

**Committee's Observations and Recommendations**

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

c) **Eurobond Proceeds**

i. *Zambia Railways-K618,532,000 (US\$120,000)*

• **Failure to Recover Advance Payment Guarantee-\$1,064,757**

The Secretary to the Treasury submitted that this was a serious breach of the *Public Finance Act* on the Control of Statutory Corporations by management at Zambia Railways Limited and it was imperative that the Advance Payment Guarantee amounting to \$1,064,757 was recovered forthwith.

**Committee's Observations and Recommendations**

Your Committee observes that the ZRL management, by their failure to recover the advance payment guarantee amounting to US\$1,064,757 is letting down the shareholders, GRZ to whom they owe a duty. Your Committee urges the Controlling Officer to ensure that the amount in question is claimed without further delay. Your Committee resolves to await a progress report on the matter.

• **Misapplication of Rehabilitation Funds-K289,880**

The Secretary to the Treasury submitted that this was a clear case of misapplication as the funds disbursed were meant for the rolling stock and rail tracks and, therefore, the Treasury had since directed the management to reimburse the funds used to rehabilitate the station and buildings at the Kabwe Top Office from the generated income.

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

Your Committee expresses concern that the management of ZRL prioritised the procurement of office tiles at the expense of the rolling stock and rail tracks which is unacceptable. Your Committee urges the Secretary to the Treasury to ensure that the funds are immediately reimbursed and used for the intended purposes. Your Committee awaits a progress report on the matter.

- **Lack of Receipt and Disposal Details-K19,561,564**

The Secretary to the Treasury submitted that this was clear breach of clause 40 (1) of the *Public Finance Act* by the Chief Executive Officer of Zambia Railways Limited and the Treasury had directed that the receipt and disposal details for the stores items in question be immediately availed for audit scrutiny failure to which sanctions would be evoked against him in line with clause 39 (1) and (2) of the Act.

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

Your Committee finds it unacceptable that goods in amounts totalling K19,561,564 had no receipt and disposal details and urges the Secretary to the Treasury to ensure that the Management of ZRL accounts for the goods without further delay. Your Committee also urges the Secretary to the Treasury to take disciplinary action against the management of the ZRL for this anomaly. Your Committee resolves to await a progress report on the matter.

- ii. *ZESCO Limited – Construction and Rehabilitation of Power Distribution Network*

The Secretary to the Treasury submitted that obligations committed on the the construction and rehabilitation of the power distribution network were currently sitting at US\$ 50.7 million out of which US\$22.3 million had been paid. The Secretary to the Treasury submitted detailed project status for each of the thirty (30) contracts, being executed. The projects were at various stages of construction and rehabilitation.

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

Your Committee urges the Secretary to the Treasury to ensure that projects are implemented as scheduled in order to maximise the benefits from the funds. Your Committee notes the submission by the Controlling Officer and resolves to close the matter subject to audit verification.

- iii. *Development Bank of Zambia (DBZ)-K104,511,200 (US\$20,000,000)*

- **Failure to Submit a Detailed Lending Framework to Government**

The Secretary to the Treasury submitted that management at DBZ did not submit the detailed lending framework to Government immediately after it was approved by the Board. Management had since submitted the approved lending framework for approval to the Treasury and it was still being scrutinised before retrospective approval was granted.

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

Your Committee expresses concern that the Management of the DBZ failed to meet the requirement to provide a detailed lending framework to the Government. Your Committee is also concerned that the Ministry of Finance failed to make necessary follow-ups to ensure this was done. Your Committee, therefore, urges the Secretary to the Treasury to caution the Management of DBZ for this lapse. Your Committee resolves to close the matter subject to audit verification.

- **Delayed Utilisation of the Eurobond Funds-K30,653,221 (US\$5,878,013.58)**

The Secretary to the Treasury submitted that the delay in the utilisation of funds from the Eurobond was caused by the lack of bankability of the applications received from the small and medium enterprises under the lending window. Most of the applicants had incomplete business plans and insufficient collateral to pledge to the Bank as security to cover the exposure of the loans. The bank, therefore, could not disburse the funds until the applicants had fulfilled the necessary conditions to obtain the loans.

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

Your Committee observes that the failure by the DBZ to disburse the funds is a clear indication that the Bank was ill prepared to utilise the money from the Government. This was unfortunate as the Bank will not meet its loan repayments schedules with the Government. Your Committee resolves to close the matter, but urges the Secretary to the Treasury to take steps to avoid anomalies of this nature and requests the Auditor General to note the matter in future audits.

- **Irregular Disbursement of Funds-K10,000,000**

The Secretary to the Treasury submitted that the disbursements to other Participating Financial Institutions (PFIs) amounting to K10,000,000 were reversed and transferred to another lending window, the Bank's apex lending window. The funds provided to the Participating Financial Institutions (PFIs) were for onward lending to small and medium enterprises to cater for promoters who were requesting smaller amounts. The Management has since drawn up an agency agreement with the two financial institutions to legalise the transactions and would be availed for audit scrutiny after approval by the Board and the Treasury.

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

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

iv. *Ministry of Health*

- **Engagement of Contractors Without Clearance from the Attorney-General**

The Secretary to the Treasury submitted that the clearance from the Attorney General for the three contracts was availed for audit scrutiny and the matter had since been resolved by the Auditor General.

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

Your Committee resolves to close the matter.

- **Inadequately Supported Payments-K1,531,585**

The Secretary to the Treasury submitted that the Ministry of Health had since availed supporting documents for nineteen transactions amounting to K991,801.74 for audit scrutiny. The three suppliers were written to and had since acknowledge receipt of payments paid through EFTA amounting to K539,782.91.

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

Your Committee expresses concern at the failure by the Ministry to avail supporting documents during the audit process and urges the Secretary to the Treasury to take disciplinary action against the officers responsible for the anomaly. Your Committee awaits a progress report on the matter.

- **Failure to Obtain Advance Payment Guarantees and Performance Bonds for Signed Contracts**

The Secretary to the Treasury submitted that the original copies of the Advance Payments Guarantees and Performance Bonds were retired to the Contractors upon the completion of the works and it was difficult for UTH Management to avail them apart from the photocopies which were available to support the payments. The photocopies of the Advance Payments Guarantees and Performance Bonds were available for verification.

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

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

- **Missing Payment Vouchers-K153,366**

The Secretary to the Treasury submitted that the payment vouchers had since been located. The UTH Management had been instructed to open separate folders for project funds for easy accessibility of documents by auditors for future project funds.

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

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to take disciplinary action against the officer who misplaced the payment vouchers in question.

### **THE PUBLIC SERVICE MANAGEMENT DIVISION**

AUDIT QUERY

PARAGRAPH 33

PROGRAMME:

Various

ACTIVITY:

Various

#### **Accounting and Other Irregularities**

33. An examination of accounting and other records maintained at the Public Service Management Division (PSMD) carried out during the period June, 2014, to October, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out.

- a) **Unacquitted for Funds - K513,110**

The Controlling Officer submitted that all the unacquitted for funds amounting to K513,110 had since been acquitted. The anomaly was as a result of misplacement of documents due to poor record keeping. The Division had since re-organised its records management system.

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

Your Committee expresses concern that the said documents were misplaced during audit and urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

- b) **Unapproved Payments-K238,585**

The Controlling Officer submitted that all the authorities relating to these payments had since been traced. To avoid the repeat of the anomaly, the Division had enhanced the payment process in that all authorities on the file were photocopied and attached to the payment vouchers.

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

Your Committee expresses concern that the Division was unable to address the query during the audit process and urges the Controlling Officer to pay attention to the audit process. Your Committee further urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee awaits a progress report on the matter.

c) **Questionable Drawing of Fuel- K4,569**

The Controlling Officer submitted that statements issued by the filling station, confirmed that the mentioned vehicles drew the right fuel (Diesel). The wrong entries were made by the issuing officer on the fuel coupons and the Filling Station, however, refueled the vehicles with the correct fuel against the amount indicated on the coupon. As regards fuel drawn by GRZ 715 BX. the Controlling Officer explained that the fuel invoice cited in the status report was for GRZ 875 BR which was a petrol propelled engine. Therefore, the vehicle was also issued with the correct fuel coupon.

The Officer responsible for transport management had been directed to ensure that such lapses did not recur failure to which disciplinary action would be taken against him.

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

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

d) **Unvouched Expenditure-K7,237,585**

The Controlling Officer submitted that all the supporting documents had since been traced. The reason for the anomaly was because the documents were misplaced due to poor record keeping. The Division had re-organised its registry in order to enhance records management. Further, the Division would be undertaking monthly reviews for all transactions processed during that particular month.

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

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

e) **Unaccounted for Stores- K2,369,764 (General Stores) K2,028,029 & (Fuel) - K341,735**

The Controlling Officer submitted that the figures for unaccounted for stores reduced to K1,992,712.41 after the second audit verification by the Office of the Auditor-General. Further, disposal details amounting to K1,259,336.84 of since been traced. Further, from the final audit status, the fuel disposal details in respect to the unaccounted for fuel stood at K5,984.24. However, the Division noted some computation errors in the above mentioned amount. The error arose from statement issued by the Filling Station (Benmut Investment) in the month of February amounting to K4,224 in the audit schedule.

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

Your Committee resolves to await a progress report on the remaining stores records.

## MINISTRY OF LOCAL GOVERNMENT AND HOUSING

### 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 and a visit to five districts carried out in April, 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Missing Payment Vouchers-K4,366,400**

The Controlling Officer submitted that the sixty-five payment vouchers that were missing were part of the investigation currently going on regarding the misappropriation of the Rufunsa Constituency Development Funds (CDF). Since the matter was before law enforcement agencies, the Ministry had placed the affected officers on suspension pending final determination of the case by the courts of law. The Controlling Officer also submitted that the Ministry had put in place measures to ensure that payment vouchers were only accessed by authorised officers with permission from the Head of the Accounting Unit.

### Committee's Observations and Recommendations

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

b) **Questionable Allowances-K175, 550**

The Controlling Officer submitted that this was because the authorities from the Permanent Secretary were not filed together with the payment vouchers. The Controlling Officer, however, submitted that authorities for three transactions amounting to K56,700 were found and that the remaining five transactions amounting to K118,850 were being looked for. The Controlling Officer submitted that measures had been put in place to ensure that the Permanent Secretary's letters of authority were also attached to the payment vouchers and filed.

### Committee's Observations and Recommendations

Your Committee recommends that the authorities in question should be found failure to which recoveries should be made from the affected officers. Your Committee resolves to await a progress report on the matter.

c) **Unsupported and Inadequately Supported Payments-K677, 250**

The Controlling Officer submitted that this was because the Ministry had no stores officer in its structure to perform stores duties. The Controlling Officer explained that the correct amount according to the status report which the Ministry was availed was K261,000 for five transactions and details were now available for verification.

### Committee's Observations and Recommendations

Your Committee cautions the Controlling Officer to desist from misleading your Committee as auditors did not find the documents during the time of audit. Your Committee resolves to await a progress report on the matter.

d) **Questionable Drawing Fuel-K27,727**

The Controlling Officer acknowledged that there were inadequacies in the fuel management system at the Ministry and explained that the leaders had been informed that only their personal to holder vehicles should draw fuel using the tom cards. The use of tom cards had been abolished by Cabinet Office and this issue will not arise.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the weak controls in the management of fuel which led to the abuse of fuel. Your Committee urges the Controlling Officer to make recoveries from the officers who irregularly drew the fuel in question. Your Committee resolves to await a progress report on the matter.

e) **Unaccounted for Stores-K104, 738**

The Controlling Officer submitted that this was because the Ministry had no stores officer in its structure to perform stores duties. He also reported that the receipts for three transactions amounting to K56,540 were now available for verification. An LPO for a transaction amounting to K31,200 could not be produced as the IFMIS system covering the period in question had been closed. Further, the Ministry was making efforts to trace the receipt for one transaction amounting to K16,998. He further reported that an officer had now been seconded from the registry to temporarily handle stores functions. It was hoped that the Ministry' structure could be expanded to include this position.

**Committee's Observations and Recommendations**

Your Committee does not accept the reason which the Controlling Officer has given because with proper supervision, officers would have managed the store in accordance with guidelines. Your Committee urges the Controlling Officer to ensure that all remaining stores records are located without any further delay. Your Committee resolves to await a progress report on the matter.

f) **Unexplained Deposits-K178, 496**

The Controlling Officer submitted that the Department of Local Government Administration had requested for funds to undertake monitoring activities of Local Authorities. However, due to overlapping of programmes, the monitoring was postponed and the funds drawn deposited in the grants account. He further submitted that departments had been advised to request for funds only when they were sure that the activities would be undertaken.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject audit verification.

g) **Questionable Payment of Rehabilitation Works – Government Valuation Office – Kitwe K87,497**

The Controlling Officer submitted that the two payments that were made to the contractor were within the Controlling Officer's threshold and the contractor was selected by being the lowest bidder on the quotations that were obtained. No contracts were required in this case as it was a simple procurement done through shopping. He stated that the rehabilitation works were done according to the bills of quantity submitted.

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

Your Committee expresses concern that the Controlling Officer had dismissed the need for written contracts in this matter. Your Committee wonders how the Ministry would seek redress in the case of a contractor failing to execute the contract to expectations. Your Committee cautions against this conduct in future procurements. Your Committee resolves to close the matter subject audit verification.

### **MINISTRY OF LOCAL GOVERNMENT AND HOUSING**

#### **AUDIT QUERY**

PARAGRAPH 35

Unit: Local Government Finance and Audit  
Programme: Support to Institutions (Local Councils)  
ACTIVITIES: Constituency Development Funds (CDF)

#### **Accounting and other Irregularities**

35. A review of the situation carried out in August, 2014 at the Ministry of headquarters, local authorities and a physical inspection of selected projects in one hundred and two constituencies which received amounts totaling K132,600,000 revealed that there were still weaknesses in the management and utilization of the Constituency Development Funds. In particular, the following were observed.

##### **a) Unspent Funds**

The Controlling Officer acknowledged that there were unspent funds in forty-eight constituencies across the country mainly as a result of lengthy tendering procedures and system of approval beyond the Councils' jurisdiction. The Controlling Officer also noted delays in the release of funds by the Ministry of Finance as one of the reasons. The Controlling Officer further submitted that, in some instances, the geographical terrain of the constituencies, for instance in Mfuwe and Kanchibiya, made it impossible for works to commence as it was impassable during the rainy season.

The Controlling Officer submitted that the tendering process in the forty-eight constituencies had been completed and works had commenced and various approved projects were funded. He explained that isolated cases like that of Mapatizya Constituency where a grader was not delivered by a company called Techmya was reported to law enforcement agencies and the council awaited a progress report. As for the case of Feira Constituency in Luangwa District, the balance of the unspent funds was meant for the final payment for the supply, registration and insurance of the grader and outstanding labour costs and retention. The grader had since been delivered although the final payment for the grader awaited submission of the documents and invoice from the supplier.

The Controlling Officer also submitted that the councils had embarked on a program of identifying and conceptualising the projects well in advance so as to create a data bank of projects. This would reduce the lead time in the projects' approval process and reduce on time in general in the project implementation timeframe. He also clarified that even if they were showed as bank balances at the time of audit, the unspent funds were already committed towards the approved projects. The funds would eventually be released upon completion of the projects. The Controlling Officer also suggested the need for council to have a fully fledged procurement unit to assist in the procurement processes.

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

Your Committee observes that the key reason for most Constituencies' failure to spend project funds is delayed release of funds by the Ministry of Finance and delays by the councils to begin procurement processes. Your Committee urges the Controlling Officer to ensure that the actual planning and procurement processes commence as soon as the budget is approved instead of waiting for the actual releases of funds. Your Committee also reiterates its previous recommendation for the



Treasury to release funds in time to allow for implementation of projects before the year ends. Your Committee resolves to close the matter, but requests the Auditor General to note the matter in future audits.

b) **Misapplication of Funds - K381,175**

The Controlling Officer submitted that in many cases, this was caused by councils having had no money at the time to call for a full Council meeting to approve the CDF projects, and to avoid delays in the implementation of the CDF projects. The councils considered the meetings as part of the administrative component of CDF and hence the payment for CDF Committee allowances. The Controlling Officer further submitted that some funds were misapplied when Division four officers were in salary arrears for some time and almost rioted and therefore some councils decided to borrow and spent the money on salary arrears.

The Controlling Officer also submitted that the Valuation Roll had since been updated by the councils to improve the revenue base and that the transactions would be treated as advance payments to the councils' main account and would be paid back to the CDF account. Some council namely, Zambezi, Kasempa and Solwezi had since re-imbursed the funds and documents were available for verification. The Controlling Officer pledged that CDF guidelines would be adhered to at all times and that the councils would not borrow funds from CDF or grant for any other purpose.

**Committee's Observations and Recommendations**

Your Committee observes that the CDF funds are meant to deliver development and should never be seen by the councils as an emergency fund for their operations. Your Committee urges the Controlling Officer to ensure that re-imburement of funds is done without any further delay. Your Committee awaits a progress report on the matter.

c) **Missing Payment Vouchers - K577,982**

The Controlling Officer submitted that the missing payment vouchers were due to misfiling. However, all payment vouchers had been traced and had since been filed accordingly. The affected councils had now strengthened the internal controls to ensure that payment vouchers were properly filed and safely kept.

**Committee's Observations and Recommendations**

Your Committee observes that the anomaly was as a result of failure by the officers responsible to perform their tasks and urges the Controlling Officer to ensure that disciplinary action is taken against them. Your Committee awaits a progress report on the matter.

d) **Unsupported Payments - K2,830,854**

The Controlling Officer submitted that the unsupported payments were as a result of misfiling and in some cases documents were still with suppliers. Further, the non-availability of stage certificate was as a result of not having a Director of works at station in the case of Mafinga. The vouchers were now fully supported with the relevant documentation and the same were available for verification. He also submitted that the affected councils had now put in place strict measures to check and monitor the payment process to ensure that all payments were fully supported before release of the same. He also assured your Committee that all the affected councils would ensure that they carry out both pre and post audit of the payment vouchers to ensure compliance with Financial Regulations.

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

Your Committee observes that the anomaly was as a result of the failure by officers responsible to perform their tasks and urges the Controlling Officer to ensure that disciplinary action is taken against them. Your Committee awaits a progress report on the matter.

e) **Unauthorised Retention of Interest Earned - K483, 513**

The Controlling Officer submitted that previous practice had been that councils had been allowed to utilise such interest on approved CDF projects as long as necessary authority was given by the full council and the Ministry of Local Government and Housing. Kazungula District Council did not have the account numbers where to remit the accrued interest earned.

Management in councils had written several letters to the Ministry of Local Government and Housing and the Treasury for authority to use these funds for project activities including monitoring, project appraisals and procurement of fuel and lubricants for earth moving equipment to be used in the maintenance of roads. In some cases, this query arose because the councils were still awaiting responses from the Minister and thus could not return the funds to the National Treasury. The councils were in the process of filling account Form 49 from Ministry of Finance which gave a waiver on both interest and bank charges on Government accounts.

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

Your Committee does not accept the reasons given by the Controlling Officer as it took too long for them to seek for authority and in many cases funds were utilised even before authority was granted. Your Committee urges the Controlling Officer to strictly observe the provisions of the *Public Finance Act No. 15 of 2004*. Your Committee awaits a progress report on the matter.

f) **Unaccounted for Stores-K2,369,733 (General stores K2,155,551 and fuel K214,182)**

The Controlling Officer submitted that one of the reasons for failure to record stores was as a result of the direct delivery of materials to site as per contract and immediate use by the contractors. It was agreed that materials could only be used once verified by stores staff, but due to poor communication and lack of qualified stores officer, this was not the case. In other cases like for Mafinga Constituency, the irregularity arose due to misplacements of receipts and disposal details while other reasons included the absence of stores officers at the councils. In isolated cases, some stores officers were only considering fuel and goods requisition forms as a basis for the issuance of fuel and general goods, respectively.

The Controlling Officer, however, informed your Committee that a request had been made to the Local Government Service Commission to recruit qualified stores officers and that the councils had traced and filed all the receipts and disposal details.

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

Your Committee expresses concern at the poor management of stores records as under the circumstances it was not possible to find out what was delivered and utilised at the projects. Your Committee resolves to close the matter subject to audit verification, but requests the Auditor General to take note of the matter in future audits.

## **Muchinga Province**

- i. *Unacquitted Payments – Mpika Council - K124,200*  
The Controlling Officer submitted that the unacquitted payments were due to misplacement of the acquittal sheets. He, however, submitted that Mpika Council had traced all the acquittal sheets and had since been attached to the appropriate payment vouchers involving all twenty-four transactions amounts totalling to K124,200. He further stated that Mpika Council had put in place a strict system where the officers responsible for filing had been inducted in the filing system to avoid misplacement of accounting documents.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that erring officers are disciplined. Your Committee resolves to close the matter subject to audit verification.

- ii. *Construction of Foot Bridge – Nakonde Council*

#### **• Irregular Advance Payment**

The Controlling Officer submitted that this was as a result of the project being declared as an emergency by the Constituency Development Committee as lives were lost when the bridge was damaged. The Controlling Officer pledged that the Nakonde Council was ensuring that the recommended advance payment system was followed on all projects to be undertaken and that it would strictly follow the laid down CDF guidelines.

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

Your Committee notes the submission and recommends the matter for closure.

#### **• Overpayment to Contractor**

The Controlling Officer submitted that this was due to the fact that the initial project of a foot bridge had been upgraded to an automobile bridge. He pledged that the Council was ensuring that projects were implemented as approved by the CDF Committee. He further stated that Nakonde Council would ensure that payments to the contractor were made with the approved contract price.

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

Your Committee awaits a progress report on the matter.

#### **• Poor Workmanship**

The Controlling Officer regretted the oversight by Council Management and pledged to ensure that retention was provided for at the stipulated rate in future contracts. He would also ensure that the stipulated guidelines were adhered to by the councils.

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

Your Committee resolves to close the matter, but urges the Controlling Officer to caution the Council management for this omission.

- iii. *Irregularities in the Purchase of Graders – Chama Council*

The Controlling Officer submitted that the Council paid an advance payment of K700,000 to Techmiya Commercials Limited for the purchase of earth moving equipment towards the total invoice of K1,020,000 for the supply of a grader and a truck for each Constituency (K350,000- grader, K160,000- truck for each constituency). The Council paid

K700, 000 as advance payment as demanded by the supplier at that time. The Council explained to the supplier the requirement as provided for in the CDF guidelines with regard to the advance payment of 15%. The supplier insisted that for the equipment to be delivered on time, the Council needed to pay 70% and above. The Council, being in urgent need of the equipment, honoured its obligation and paid the supplier an advance part payment of K700,000 ( K350,000 from each constituency) for the delivery of the equipment and the balance was to be paid for after the delivery of the equipment. It was unfortunate that to-date, the supplier had not delivered the equipment as initially agreed.

The Controlling Officer submitted that the Council Secretary had since reported the matter to the Police and the Anti – Corruption Commission for further investigations.

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

Your Committee observes that the procurement process was marred with irregularities and agrees with the decision by the Ministry to report the matter to investigative wings for further investigation. Your Committee resolves to await a progress report on the matter.

iv. *Questionable Payment – Chinsali Council*

The Controlling Officer submitted that the non-attachment of competitive quotations and invoices to this payment was as a result of the nature of the transaction which was in form of donation from Malalo Sporting Equipment based in England. The Controlling Officer also submitted that he had advised the Council to ensure that proof of receipts of the donated sports gear was availed to relevant authorities for verification and the letter of instruction to Chinsali Council was available for verification. Further, the Council had requested the donors to furnish them with the receipt and the list of expected equipment following the delivery of part of the equipment. The Controlling Officer would now ensure that appropriate advice was given to potential donors to ensure adherence to relevant procurement and CDF guidelines.

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

Your Committee expresses concern at the failure by the Council to provide documentary evidence on the communication they had with donors before payment was made. The Controlling Officer is urged to ensure that disciplinary action is taken against erring officers and that delivery of all expected equipment is followed up with the donor without any further delay. Your Committee awaits a progress report on the matter.

v. *Project Management Council*

#### **Chinsali Municipal**

The Controlling Officer submitted that the delay and the abandonment of the project at Chinsali District Hospital was as a result of the contractor losing some of the materials which took him another two months to mobilise his own funds. He also submitted that Chinsali Municipal Council had since written to the contractor to remind him of his obligation and contract period. If he did not respond favorably, the Council would have no option, but to cancel the contract and demand refund for all the money paid. He further informed your Committee that they had put in place strict measures to monitor CDF projects so that contractors don’t stall and abandon projects. Furthermore, the Director of Engineering had been advised to make prompt follow ups and issue stage and completion certificates to the projects on time.

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

Your Committee expresses concern at the casual manner in which construction projects are carried out by the local authorities. The Controlling Officer is urged to ensure that capacity is enhanced in the local authorities to avoid wastage of resources by using incompetent officers to supervise works. Your Committee also urges the Controlling Officer to ensure that the works are completed without any further delay. Your Committee awaits a progress report.

#### **Rehabilitation of Two Staff Houses at Chikanda Basic School - K28, 208**

The Controlling Officer submitted that the delay in rehabilitation of Chikanda Basic School was as a result of insufficient allocation of resources. The Controlling Officer submitted that with the funding available, the contractor was able to mend the cracks, fit doors, plaster, glaze and replace rotten timber with the painting of the house outstanding. He, however, informed your Committee that Chinsali Municipal Council would in future approve enough resources to ensure that the projects were completed.

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

Your Committee does not accept the reasons given by the Controlling Officer and urges him to ensure that works are completed without any further delay. Your Committee awaits a progress report on the matter.

#### **Construction of an Administration Block at Chinsali Day Secondary School - K73, 316**

The Controlling Officer submitted that the amount allocated to Chinsali Day Secondary school was inadequate resulting in the contractor only managing to mobilise part of the construction materials. He added that the contractor had managed to liaise with the school management to consider engaging the community to assist with supplementary materials and he had since moved back on site. The project which was abandoned had since taken off and the same had been moved up to window level awaiting mobilisation of more materials. He also added that Chinsali Municipal Council would in future approve enough resources to ensure that the projects were completed according to CDF guidelines.

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

Your Committee urges the Controlling Officer to ensure that all outstanding works are completed without any further delay. Your Committee awaits a progress report on the matter.

#### **Rehabilitation of a staff house at Chilunda Primary School - K12,742**

The Controlling Officer submitted that the reason why the project could not be completed on time was due to insufficient allocation of funds which resulted in the under estimation of the earlier quotation. He added that the Council had written to the contractor to remind them of their obligation and contract period failure to which the Council would have no option but to terminate the contract and demand refund of all money paid.

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

Your Committee urges the Controlling Officer to ensure that the project is expeditiously completed so as to give the desired benefits to the communities. Your Committee further urges the Controlling Officer to ensure that there is enhanced supervision of works to avoid poor workmanship. Your Committee awaits a progress report on the matter.

## **Mafinga Council**

### **Construction of Maternity Wing at Chanama Rural Health Center - K20,400**

The Controlling Officer submitted that the project came to a halt due to the fact that it was underfunded and no upfront materials were available on site. He, however, explained that the upfront materials had since been mobilised and works had since commenced. The Council had sensitised the community on the importance of mobilising upfront materials for CDF project and also increase funding to capital projects such as construction of Chanama maternity wing.

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

Your Committee urges the Controlling Officer to ensure that the project is thoroughly and expeditiously completed so as to give desired benefits to the intended communities. Your Committee further urges the Controlling Officer to ensure that there is close supervision of works to avoid poor workmanship. Your Committee awaits a progress report on the matter.

### **Construction of a Classroom Block at Chanama Basic School-K32,445**

The Controlling Officer submitted that works came to a halt due to the fact that the project was underfunded and no upfront materials were available on site. The Controlling Officer, however, submitted that the upfront materials had since been mobilised and works had since commenced.

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

Your Committee awaits a progress report on the matter.

### **Construction of a Police Cell at Thendele Police Post K - 27,850**

The Controlling Officer submitted that the project came to a halt due to the fact that it was underfunded and no upfront materials were available on site. He, however, submitted that the upfront materials had since been mobilised and works had since commenced.

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

Your Committee awaits a progress report on the matter.

### **Construction of classroom block at Kambombo basic school - K30,000**

The Controlling Officer submitted that the project came to a halt due to the fact that it was underfunded and no upfront materials were available on site. He, however, reported that the upfront materials had since been mobilised and works had since commenced. He further said that the Council had sensitised the community on the importance of mobilising upfront materials for CDF projects and also increase funding to capital projects such as construction of schools.

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

Your Committee urges the Controlling Officer to ensure that the project is expeditiously completed so as to give full benefits to its intended community. The Controlling Officer is further urged to ensure that funds are secured to complete the project. Your Committee also urges the Controlling Officer also to ensure that there is effective supervision of works to avoid poor workmanship.

b) **Lusaka Province**

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

i. *Projects Management*

**Lusaka Central**

• **Construction of a Boundary Wall at Bauleni Basic School - K262,143**

The Controlling Officer submitted to that the measured quantities in the BoQs were less than the actual measurement on the ground because the school had no clear boundaries. Therefore, what was shown as a boundary at the time of assessment was different from what was there at the time of the project's commencement.

The Controlling Officer submitted further that the remaining materials would be procured using the 2013 CDF funds and labour would be provided by the Council's Engineering Department employees. The Controlling Officer assured your Committee that the Council would always endeavour to do the correct measurement in the BOQs.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the casual manner in which construction projects were carried out by local authorities. The Controlling Officer is urged to ensure that capacity is enhanced in the local authorities to avoid wastage of resources by using capable officers to supervise works. He is also urged to ensure that disciplinary action is taken against erring officers for failure to prepare bills of quantities which resulted in delayed completion. Your Committee awaits a progress report on the matter.

• **Rehabilitation of a Borehole in Chibolya Settlement Compound**

The Controlling Officer submitted that there was a change in the scope of works hence the cost of the works escalated. He informed your Committee that additional funds had been approved by the CDF committee from the 2014 CDF funds to complete the works. The matter was going to tender for contract readjustments as they await receipt of funds. The Controlling Officer pledged that the Council would ensure that works were expedited.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the project is expeditiously completed so as to give full benefits to the intended community. The Controlling Officer is further urged to ensure that funds are secured to complete the project. Your Committee awaits a progress report on the matter.

**Kafue: Kafue District**

**Construction of 1x2 Teachers Houses at Chikwama Basic School**

The Controlling Officer submitted that there was under-allocation of resources for the project in the year under review. A total of K120, 000 was allocated for the construction of 1x2 (three bed roomed each) teachers houses which was not adequate to complete the project. He informed your Committee that additional funds were approved under the Ward Development Fund to complete the whole project and the process was under way to procure the material. An interim certificate was available for verification while the allocation for the projects was now based on Bill of Quantity (BoQ) which was done by the Works Department to avoid under-budgeting.

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

Your Committee expresses concern at the manner construction projects were carried out by the local authorities. The Controlling Officer is urged to ensure that capacity is enhanced in the local authorities to avoid the wastage of resources. The Controlling Officer is also urged to ensure that disciplinary action is taken against erring officers for failure to prepare bills of quantities which resulted in underfunding of the project. Your Committee resolves to await a progress report.

### **Construction of Market Shelter at Kalukungu Market**

The Controlling Officer submitted that the contractor was not on site at the time of the audit because the materials for roofing were not yet delivered to the project site by the supplier. The Controlling Officer informed your Committee that the project had since been completed and certified by the Works Department.

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

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

### **Completion of a Police Post and Staff House at Chiawa**

The Controlling Officer submitted that the funds approved for the projects were not enough to complete the two projects. He added that additional funds amounting to K25,000 had been approved for completion of the two projects under the Ward Development fund. The Controlling Officer also submitted that the allocation for the projects was now based on the Bill of Quantity (BOQ) which was done by the Works Department to avoid under-budgeting.

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

Your Committee expresses concern at the manner construction projects were carried out by the local authorities. The Controlling Officer is urged to ensure that capacity is enhanced in the local authorities to avoid wastage of resources by using incapable officers to supervise works. Your Committee will await a progress report on the matter.

### **Chongwe District Council**

#### **Construction of 1x4 Classroom Block at Daughters of the Redeemer**

The Controlling Officer submitted that the contractor was not on site at the time of audit because the contract was awaiting renewal for completion of the structure under the 2013 CDF funding. The contract had since been renewed and the contractor was currently on site while the structure was at lintel level. The Controlling Officer assured your Committee that the Council would always ensure that contracts were signed in time to avoid delays in the execution of works.

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

Your Committee urges the Controlling Officer to ensure that the project is thoroughly and expeditiously completed so as to give full benefits to the intended communities. The Controlling Officer is further urged to ensure that funds are secured to complete the project. The Controlling Officer is also urged to take steps to ensure that there is close supervision of works to avoid poor workmanship. Your Committee awaits a progress report on the matter.

- **Projects Management - Rufunsa District Council**

The Controlling Officer submitted that the delay in the completion of the projects had been mainly due to delayed delivery of community contribution component (upfront material) of the required materials for project implementation. In addition, monies allocated to the projects had been



exhausted and this project still remained uncompleted due to inadequate funding. The project funds received for these projects had all been exhausted as they were expected to be completed using additional funding from the next allocation of CDF 2013, which the Council resolved to use for the procurement of the rig.

The special Council sitting on 3<sup>rd</sup> March, 2014, resolved that in future the Council should approve a limited number of projects which would be easy to implement within a period of one year. Management would from now on ensure that all CDF projects received adequate funding in order to avoid executing of projects in a piecemeal manner as was advised during the special Council meeting dated 3<sup>rd</sup> March, 2014. Management had since recommended for additional funding in the next allocation of 2014 CDF in order to complete the project.

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

Your Committee awaits a progress report on the matter.

### **Luangwa District Council**

#### **Failure to Deliver a Grader**

The Controlling Officer submitted that the delay in the delivery of the grader was as a result of the fact that it was a non-stock item and it had to be manufactured upon the manufacturer receiving an order from the supplier. The six to eight weeks delivery was an underestimation considering the foregoing explanation. He, however, informed your Committee that the grader was delivered to the Council on 7<sup>th</sup> February, 2015. The documents and invoice for the grader were yet to be delivered to the Council as they were still with the Ministry of Finance for VAT and duty clearance.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that councils did a thorough research before engaging into a contract for supply of equipment to avoid recurrence. Your Committee resolves to close the matter subject to audit verification.

#### **Irregularities in the Execution of Projects**

The Controlling Officer submitted that the delay in the completion of the projects had mainly been due to delayed delivery of community contribution component (upfront material) of the required materials for project implementation. The Council had also engaged the Area Councillors in the affected project areas to help in mobilising communities to provide the required upfront materials. Further, the Council had mobilised building sand for works which did not need burnt bricks. The Controlling Officer informed your Committee that the Council had been advised to ensure that communities demonstrated that upfront materials were available before project commencement. On specific projects, the Controlling Officer submitted as set out below.

#### **Construction of Mwalilia Maternity Ward - K68,157.82**

The Controlling Officer submitted that only interior plastering had been completed, the project had a challenge of low community contribution of upfront materials. However, the Council had started ferrying building materials (sand) using its tractor to help quicken the process. Blocks for beam filling were yet to be delivered by the community.

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

Your Committee notes the submission, but expresses concern at the failure by the councils to ensure that communities are sensitised on their obligation towards the projects. Your Committee urges the Controlling Officer to ensure that councils are cautioned against this lapse by its officers and that

projects are completed without any further delay. Your Committee awaits a progress report on the matter.

**Rehabilitation of Zalapango Community Hall - K11,032.81**

Your Committee was informed that there had been no progress although the contractor had been advised and written to, to complete the works.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the project is thoroughly and expeditiously completed in order to give full benefits to the intended communities. The Controlling Officer is further urged to ensure that the contractor is followed up to complete the works and also ensure that supervision of works is stepped up to avoid poor workmanship. Your Committee awaits a progress report on the matter.

**Construction of Staff House at Kaluluzi Community School - K39,751.82**

The project was still at wall plate level because of the timber which was supposed to be used to make a base for the roof was used for a different purpose by the bricklayers. The Council had since secured additional timber so that works could continue.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that the project is completed so as to give full benefits to the intended community. Your Committee awaits a progress report on the matter.

**Construction of Kakaro Bus Shelter - K24,894.42**

Works had stalled due to poor workmanship by the locals (subcontractors). However, the Council had advised the contractor to make amends and only subcontract specialists to complete the finishing works. Since the work had stalled, the Council had proposed to terminate the contract.

**Committee's Observations and Recommendations**

Your Committee does not accept the reason given by the Controlling Officer and, therefore, urges him to ensure that the project is completed so as to give full benefits to the intended community. The Controlling Officer is further urged to ensure that contractors are thoroughly screened before being engaged to carry out works. Your Committee also urges him to ensure that supervision of works is stepped up to avoid poor workmanship. Your Committee awaits a progress report on the matter.

**Construction of Boys Dormitory at Chilombwe Boys Secondary School - K71,234.84**

The structure was near completion as painting, glazing, bandering and ceiling had all been done while spoon drain and inserting of air vents were the only outstanding works.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the project is completed so as to give full benefits to its intended communities. The Controlling Officer is further urged to ensure that supervision of works is done to avoid poor workmanship. Your Committee awaits a progress report on the matter.

## **Copperbelt Province**

### **Chingola Municipal Council**

#### **Procurement of Two Second Hand Ambulances**

The Controlling Officer submitted that the two ambulances for Chingola and Nchanga Constituencies were purchased with strict adherence to the *Public Procurement Act No. 12 of 2008* and were handed over to the users in working condition. The ambulance for Chingola Constituency was handed over to the clinic in good working condition and had worked for one year. However, due to wear and tear, the ambulance had broken down at the time of Audit.

The Controlling Officer submitted that the District health office had taken the broken down vehicle to the garage and were waiting for the mother ministry, the Ministry of Health, to fund them to buy the required parts. The Controlling Officer stated that he had cautioned all the Councils to desist from procuring second hand plant, vehicles and machinery.

During oral submissions, the Controlling Officer added that the ambulances were with full complement of accessories.

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

The Controlling Officer is sternly cautioned by your Committee to desist from procuring second hand vehicles or machinery to avoid such irregularities. He is also urged to ensure that the funds are sourced to purchase the required parts for the ambulance which is being held in the garage without any further delay.

Your Committee awaits a progress report on the matter.

### **Lufwanyama District Council**

#### **Procurement of Second Hand Grader**

The Controlling Officer submitted that the "No Objection" letter was obtained from ZPPA. In addition, the Council obtained authority from the Ministry of Local Government and Housing to procure the second hand grader. On the Authority from the Plants, Vehicles and Equipment Committee (PVEC), the guidelines were received long after the grader was procured. However, the Council had since taken note.

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

The Controlling Officer is urged to ensure that disciplinary action is taken against erring officers for failure to avail authority documents to auditors during the time of audit. Your Committee awaits a progress report on the matter.

### **Mpongwe District Council**

#### **Procurement of Second Hand Earth Moving Equipment**

The Controlling Officer informed your Committee that the "No Objection" letter was obtained from ZPPA. The letter was available for verification. In addition, the Council obtained authority from the Ministry of Local Government and Housing to procure the second hand grader and the letter was available for verification. On the Authority from Plants, Vehicles and Equipment Committee (PVEC), the guidelines were received long after the grader was procured. However, Council had since taken note.

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

In noting the submission, the Controlling Officer is urged to ensure that disciplinary action is taken against erring officers for failure to avail authority documents to auditors during the time of audit.

Your Committee further urges the Controlling Officer to ensure that the grader is repaired without any further delay to enable the communities get value for money. Your Committee awaits a progress report on the matter.

#### **Failure to Reimburse Funds - Masaiti K48, 300**

The Controlling Officer submitted that failure to re-imburse funds was as a result of accrued salaries for division IV from the preceding year to the year under review. The Council intended to pay back these funds as soon as MTN and Zamtel paid the telecommunication mast levy. He also added that the valuation roll had been updated to improve the revenue base. The Council had enhanced controls to ensure adherence to CDF guidelines. Furthermore, the Council would not borrow funds from CDF grant for any other purpose.

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

Your Committee urges the Controlling Officer to ensure that the funds are reimbursed expeditiously and documents availed to auditors for verification. Your Committee therefore, awaits a progress report.

#### **Project Management**

##### **Kitwe District Council**

#### **Wusakile Constituency - Construction of Bridge connecting Malembeka to Luangwa compound**

Your Committee urges the Controlling Officer to ensure that the mending of cracks is expeditiously completed. The Controlling Officer is further urged to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee resolves to await a progress report on the matter.

#### **Construction of a market shelter at Wusakile Market**

The Controlling Officer submitted that the liquidated damages would be instituted against the contractor. However, the delay was partly as a result of a dispute on the final finish of the structure and the sewer line encountered on site.

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

Your Committee urges the Controlling Officer to ensure that the contractor completes the works expeditiously. The Controlling Officer is further urged to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee resolves to await a progress report on the matter.

##### **Nkana Constituency**

#### **Construction of a Market Shelter at Miseshi Market in Mindolo Ward**

The Controlling Officer submitted that the defects had been rectified as works were within the defects liability period.

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

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

#### **Refurbishment of Kamakonde clinic**

The Controlling Officer submitted that the contractor had been informed of the mis-alignment of the grill gates.

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

Your Committee urges the Controlling Officer to ensure that the contractor completes the works expeditiously. Your Committee resolves to await a progress report on the matter.

### **Kwacha Constituency**

#### **Construction of a Market Shelter at Kwacha Market in Nkana East Lot 4 – Completion of 1 x 2 CRB and Staff houses**

The Controlling Officer submitted that the contractor had been instructed to redo the floor and to ensure usage of the correct materials was followed.

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

Your Committee urges the Controlling Officer to ensure that the contractor completed the works expeditiously. The Controlling Officer is further urged to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee resolves to await a progress report on the matter.

### **Masaiti District Council**

The Controlling Officer submitted that poor management of projects was due to inadequate administration fees being allocated under CDF grants. The K20,000 allocated to administration fees was inadequate to hold meetings, undertake field appraisals, monitoring and supervision of projects, causing the poor workmanship being exhibited by most projects in Masaiti. He, however, submitted that the contractors were instructed to move on site and commence works. Sunzu Investment Ltd and Rock of Ages General Dealers contractors were now on site and works had commenced. The Controlling Officer submitted that in order to effectively supervise and monitor the CDF projects the Council was encouraging the community to undertake meaningful projects so that the impact of the CDF could be appreciated.

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

Your Committee urges the Controlling Officer to ensure that the contractor completes the works without further delay. Your Committee resolves to await a progress report on the matter.

### **Chingola District Council**

#### **Nchanga Constituency**

The Controlling Officer submitted that the reason for not sinking the second borehole was that the water table at the school where the borehole was to be sunk was low due to the mining activities near the school. He also clarified that the Council had changed the scope of works from the initial sinking of a borehole to construction of an overhead tank and underground water reservoir to be connected to the Mulonga Water and Sewerage mains. He, however, stated that the Council had been advised to seek the services of water and geological engineers in future projects.

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

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

### **Central Province**

#### **Failure to Insure a Grader – Katuba Constituency - Central Province**

The Controlling Officer submitted that there was no provision for insurance of the grader in the 2012 CDF and as such it became difficult for the Council to insure the grader from its recurrent resources

due to financial constraints. The Director of Works had since been instructed to insure the grader immediately it was registered and that the Council should in future source for insurance cover as they planned to acquire equipment.

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

Your Committee urges the Controlling Officer to ensure that the grader is insured without any further delay. Your Committee resolves to await a progress report on the matter.

### **Northern Province**

i. *Unapproved Projects –Mbala Municipal Council*

The Controlling Officer submitted that the unapproved projects were due to the mix up in information since unapproved projects were too many. Management had taken steps to ensure that all projects to be undertaken had the necessary authorities and would, in future, ensure that only approved projects were undertaken and funded and those that had no appropriate authority would have to be ratified.

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

Your Committee expresses concern at the failure by the Council to follow CDF Guidelines. The Controlling Officer is urged to ensure that the Council applies for retrospective authority for approval of the said unapproved projects. The Controlling Officer is further urged to ensure that the Council is furnished, once again, with CDF Guidelines so that at no time will they use public funds on unapproved projects. Your Committee awaits a progress report on the matter.

ii. *Procurement of Second Hand Earth Moving Equipment – Mbala Council*

The Controlling Officer submitted that the authority from the Ministry of Local Government and Housing to procure the grader was granted and the Provincial Procurement Committee did the process of procurement as the budget for the equipment was above the Council's threshold of K500,000. Management assumed that as long as the Ministry of Local Government had approved, there was no need to ask for further direct permission from the PVEC. The Council management at the time had assumed that the decision of the Council was overriding over the DDCC decision and hence omitted that aspect of procedure. Management had assumed that this was a purely operational issue which did not require further council decision once the budget for the Council had been approved. Therefore, there was no need to begin to seek a Council decision on day-to-day operational matters.

The Controlling Officer submitted that the process of procurement of second hand road construction equipment, management awaited further guidance. Management was authorised to utilise the funds earned from the hiring out of the grader by the Ministry of Local Government and Housing through a letter dated 27<sup>th</sup> August, 2014. In concluding on the matter, the Controlling Officer stated that on the authority to procure the earth moving equipment from the Plant, Vehicle and Equipment Committee (PVEC), management would ensure that it sought for the necessary authority from Cabinet Office through the Ministry of Local Government and Housing in future.

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

Your Committee does not accept the reason given by the Controlling Officer and urges him to ensure that retrospective authority is sought without any further delay. Your Committee also urges the Controlling Officer to ensure that councils desist from flouting procurement

procedures. Your Committee further urges the Controlling Officer to take disciplinary action against erring council officers. Your Committee awaits a progress report on the matter.

iii. *Project Management*

**Mbala District – Lucheche School Laboratory Project K129,050 and Luwingu District - Construction of a Bridge at Luena K123,525**

The Controlling Officer submitted that the reported poor workmanship was due to failure by the Council to regularly monitor and supervise projects due to inadequate administrative funds. In addition, the Councils had inadequate numbers of qualified technical staff to do effective monitoring and supervision. The Controlling Officer submitted that the Lucheche School Laboratory Project had since been completed. In addition, the council had set aside some locally generated funds to supplement the K20,000 and ensure that monitoring and supervision was done on all CDF projects. The Controlling Officer also stated that the main remedy was to increase administrative funds as well as secure more technical staff in the fields of engineering and planning who were key in project management.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the contractors complete the works thoroughly and expeditiously. The Controlling Officer is further urged to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee resolves to close the matter on Lucheche Secondary School subject to audit verification of completion of works while the matter relating to the construction of a bridge at Luena awaits a progress report.

**Western Province**

i. *Irregular Transfer of Funds*

The Controlling Officer submitted that this was due to the financial constraints faced by the institution at the time coupled with the limited revenue base to support the daily operations. The Council borrowed these funds with the view to pay back later. The Controlling Officer, informed your Committee that the Council had since started paying back the funds that were irregularly transferred from Senanga Central CDF Account and Nalolo CDF Account totalling K83,390,970. The Council had so far paid back K40,000. The Controlling Officer further assured your Committee that the Council would clear the payments by the end of the first quarter. The Council had also paid K20,000 as evidenced by a deposit slip which was available for audit verification. The Council would clear the payments by the end of the second quarter. The Council would endeavor to seek Ministerial approval before any internal borrowing was affected.

**Committee’s Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to desist from misapplying funds and is further urged to ensure that all funds are reimbursed without any further delay. Your Committee awaits a progress report.

ii. *Project Management*

**Mongu Municipal Council – Mongu Central Constituency  
Completion of 1x3 CRB –Tungi Primary School - K6,375**

The Controlling Officer submitted that the supplier was contacted and the paint costing K6,375 which had not been delivered at the time of audit was delivered and the construction was completed as of 14<sup>th</sup> January, 2015.

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

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

### **Rehabilitation of Kitchen a 1x3 CRB –Tapo Primary School - K20,608**

The Controlling Officer submitted that the materials paid for were all delivered to the site and as of 14<sup>th</sup> January, 2015, the construction was completed.

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

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

### **Senanga District – Senanga Central Constituency**

#### **Manufacturing of Light ferry - K63,300**

The Controlling Officer submitted that the project was approved to be funded in three phases in 2012, 2013 and 2014, respectively. The Controlling Officer submitted that the project was at the same level waiting for the 2014 second level allocation to complete all the required works. He also informed your Committee that the Council had resolved to fund few projects in every financial year in order to have effective supervision and completing such projects in that financial year.

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

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

#### **Nande Police Post - K35,378**

The Controlling Officer submitted that the project was approved to be funded in three phases in 2012, 2013 and 2014, respectively. However, the funding for 2014, only came in February, 2015. The project was now at wall plate and the contractor was on site to do the roofing works. Mongery works had been done, and the project was expected to complete under the 2014 CDF funding. Phase 3 was earmarked for 2014, CDF allocation and 2014 would be the final phase for completion. He also reported that K50, 000 had been approved under the 2014 allocation to complete the project.

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

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

#### **Litambya Basic School 1x3crb K54,222**

The Controlling Officer submitted that the project was approved to be funded in three phases in 2013, 2014 and 2015, respectively. He informed your Committee that the 1x3 CRB at Litambya Basic School was at slab level under phase 1. The substructure and other works awaited the 2014 CDF allocation and the project was expected to complete under the 2015 CDF funding.

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

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



### **Lipa Community School 1x2 CRB - K65,335**

The Controlling Officer submitted that the project was approved to be funded in three phases in 2013, 2014 and 2015, respectively. He also informed your Committee that the 1x2 CRB at Lipa Community School was on gable level. The completion of works awaited 2014 CDF allocation under Nalolo District Council. The Council had committed to complete all work in progress under the projects and also ensure that all projects were funded and completed in one financial year.

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

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

## **Kalabo District Council**

### **Kalabo Central Constituency**

#### **Completion of a1x 3 CRB at Lunje Primary School - K106,595 and Liuwa Constituency**

#### **Completion of a1x 3 CRB at Mulinga Primary School- K 81,108**

The Controlling Officer submitted that at the time of the audit, the contractor had abandoned the project due to the contractor's sudden inertia even though he had performed very well in earlier projects. The Council had undertaken to terminate the contract, but in the process, the contractor remobilised and the ward councilor reported that the works on the project were progressing well. The Council went to verify the report and found that the Contractor had made good progress and, therefore, decided to allow the contractor to continue with the works. This was because it was going to be cheaper for the Council to complete the works with current contractor and within the initially allocated amount than finding another contractor. The Ministry of Local Government and Housing had since employed a qualified engineer and procurement officer to assist with project management and the procurement processes respectively.

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

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

## **Eastern Province**

### **Chipata Municipal Council**

#### **Procurement of Skip Trucks and Skip Bins**

The Controlling Officer submitted to your Committee that as at December, 2014, the contract for the supply of two skip trucks and eleven skip bins was reinstated. The contract was earlier terminated because the contractor could not adhere to the procurement guidelines in that the delivery period clause was abrogated. However, the contractor wrote to the Provincial Administration to rescind its decision because by then one truck and one bin had reached Chanida border awaiting clearance. The Council, through the Chipata Central Constituency Development Committee, decided to reinstate the contract and as at 31<sup>st</sup> January, 2015, one skip truck and one skip bin had since been received while the Council was still awaiting the other skip truck and the remaining 10 skip bins which, according to the contractor, were on their way to Chanida Border and would be in by mid-March 2015.

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

Your Committee expresses concern at the manner the contract is being executed which is questionable. The Controlling Officer is urged to ensure that the remaining skip truck and the bins are delivered without any further delay as it has taken too long. Your Committee further urges the Controlling Officer to ensure that liquidated damages are claimed from the supplier for failure to deliver on time. Your Committee awaits a progress report on the matter.

### **Drilling of Borehole at Private Land in Kasenengwa Constituency**

The Controlling Officer submitted that Chipata Municipal Council regretted that at the time of selecting the site the Rural Water Coordinator was at school and the Council was not present at the site hence the community directed the driller to a wrong site. The Council wrote to the owner of the farm and copied to the driller to inform them that the owner of the farm was to cover the cost of the borehole and the contractor would be shown another site for drilling the community borehole.

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

Your Committee expresses concern at the failure by the Council to ensure that the borehole was sunk at the right site. Your Committee urges the Controlling Officer to ensure that a new site is found and the borehole sunk without further delay. Your Committee awaits a progress report.

### **Project Management**

#### **Lundazi - Chasefu Constituency**

#### **Completion of a 1 X 3 Classroom Block at Dambo Primary School - K15,196**

The Controlling Officer submitted that the funds allocated to the project were exhausted and that was why the roof was done halfway with the following works outstanding; roofing, plastering, flooring, and fitting of doors and window frames. The Controlling Officer also stated that the project had been funded with a total sum of K15,000 to complete the works and the contractor had been instructed to finish the remaining works as soon as possible. The Council had advised the Constituency Development Fund Committee to fund the project with adequate funds so that the project could be completed within one year.

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

Your Committee does not accept the reason given by the Controlling Officer and, therefore, urges him to ensure that the project is expeditiously completed so as to give full benefits to the intended communities. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that adequate funds are allocated to projects before being engaged to carry out works. Your Committee also urges him to ensure that supervision of works is stepped up to avoid poor workmanship. Your Committee awaits a progress report on the matter.

#### **Completion of a 1 X 2 Class Room Block at Chidolo Primary School - K14,805**

The Controlling Officer submitted that the class room block was at roof level with the following works outstanding; roofing, plastering, flooring, fitting window frames and panes, fitting doors and painting due to inadequate funds. The Controlling Officer also added that the project had been funded with a total sum of K15,000 to complete the remaining works as soon as possible. The Council advised the Constituency Development Fund Committee to avail the project with enough funds so that the project can be completed within one year.

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

Your Committee does not accept the reason given by the Controlling Officer and, therefore, urges him to ensure that the project is expeditiously completed so as to give full benefits to the intended communities. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects before being engaged to carry out works. Your Committee also urges the Controlling Officer to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

### **Lundazi Constituency**

#### **Construction of 1 X 3 Classroom Block at Kabinda Day Secondary School - K31,655**

The Controlling Officer submitted that the structure was at ring beam level due to inadequate funds but some more funds totalling to K10,000 was allocated to the project for its completion. The Council advised the Constituency Development Fund Committee to be funding projects with enough funds so that the project can be completed within one year.

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

Your Committee does not accept the reason given by the Controlling Officer and therefore, urges him to ensure that the project is expeditiously completed so as to give full benefits to its intended communities. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects before being engaged to carry out works. Your Committee also urges the Controlling Officer to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

#### **Construction of a 1 X 3 Class Room Block at Romase Primary School - K37,730**

The Controlling Officer submitted that the class room block was at roof level with the following works outstanding; roofing, flooring, fitting doors and window frames, flooring and plastering due to inadequate funds. The Controlling Officer also added that the project had been funded with a total sum of K20,000 to complete the remaining works as soon as possible. The Council advised the Constituency Development Fund Committee to fund the project with enough funds so that the project could be completed within one year.

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

Your Committee does not accept the reason given by the Controlling Officer and, therefore, urges him to ensure that the project is expeditiously completed so as to give full benefits to the intended communities. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects before being engaged to carry out works. Your Committee also urges the Controlling Officer to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

### **Katete District - Mkaika**

#### **Construction of a Health Post at Keni - K76,324**

The Controlling Officer submitted that the project had stalled because of the inadequate funds allocated to the project. The Council had advised the community to apply for more funding from the 2014 CDF allocation in order to complete the project and the Ministry had introduced a system whereby they requested for a bill of quantities before the council decided to allocate funds to a particular project.

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

Your Committee does not accept the reason given by the Controlling Officer and, therefore, urges him to ensure that the project is expeditiously completed in order to give full benefits to its intended communities. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects before being engaged to carry out works. Your Committee also urges the Controlling Officer to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

## **Chadiza District council**

### **Completion of a Staff House at Katantha Primary - K30,900**

The Controlling Officer submitted that at the time of audit, the allocation of funds which was given to this school to construct the staff house was already spent and the Council was waiting for another allocation to complete the staff house in question. The Controlling Officer submitted that the additional funds were allocated to the above project and almost reached the completion stage.

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

Your Committee does not accept the reason given by the Controlling Officer and, therefore, urges him to ensure that the project is expeditiously completed so as to give full benefits to the intended communities. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects before being engaged to carry out works. Your Committee also urges the Controlling Officer to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

### **Completion of a 1 x3 CRB at Chamaseche Primary School - K64,609**

The Controlling Officer submitted that the contractor had been very slow despite being given all the materials which was needed to the site for the same project. The contractor was called and reminded to speed up the remaining works and he was on the ground to wind up the remaining works. He also stated that the Council had recommended the use of full contracts in future as this was working effectively in some other capital projects where big amounts were involved as compared to the labour based projects which were so common in CDF capital projects hence causing the delay in completing the projects within the period of one year.

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

Your Committee does not accept the reason given by the Controlling Officer and therefore, urges him to ensure that the project is expeditiously completed so as to give full benefits to its intended communities. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects before being engaged to carry out works. Your Committee also urges the Controlling Officer to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

## **Luapula Province**

### *i. Wasteful Expenditure - Bangweulu Constituency (Samfya District)*

The Controlling Officer submitted that the design and costing of the embankment by the community had only considered the normal previous seasons and did not consider the flooding experienced in the year 2014. During this season, Samfya received a lot of rains more than the other previous seasons. The Council was raising resources from locally generated income to help the community resolve the matter as soon the 2015 rainy season was over.

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

Your Committee expresses concern at the failure by the Council to supervise the works thoroughly resulting in wasteful expenditure. Your Committee urges the Controlling Officer to ensure that erring officers are disciplined and that funds are sourced to redo the works without any further delay. Your Committee awaits a progress report on the matter.

### *ii. Failure to Insure the Grader – Chipili Council*

The Controlling Officer submitted that the failure by Chipili District Council to insure the grader was due to liquidity problems the Council was facing as it was a new District

Council. The Council in Chipili District had so far paid K10, 000 and the remaining balance of K30,000 was expected to be paid in two equal instalments of K15, 000 each in April and May, 2015.

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

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

- iii) *Payments to Unregistered Groups - Kawambwa Central*  
The Controlling Officer submitted that the registration certificates for alleged unregistered groups were being kept by individual club executive officials in their respective villages. He, however, informed your Committee that the certificates had since been retrieved and photocopies done which were available for verification. The Council was urged to ensure that they maintained an updated register clubs.

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

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against erring officers. Your Committee awaits a progress report on the matter.

- iv. *Unaccounted for Building Materials – Kawambwa Council - K114,539*  
The Controlling Officer submitted that the receipts and disposal records were not availed for audit because they were not yet attached to the payment vouchers due to understaffing in the finance department. The documents in question had since been attached and copies were available for verification. The Council made a request for staff recruitment still awaiting response from the Local Government Service Commission.

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

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

- v) *Unaccounted for Fertiliser and Seed – Mwense District Council*  
The Controlling Officer submitted that the receipts and disposal records were not availed for audit because they were not yet attached to the payment vouchers due to under staffing in the finance department. The documents in question had been attached and copies were available for verification. The Council made a request for staff recruitment still awaiting response from the Local Government Service Commission.

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

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

- vi) *Project Management*  
**Samfya District – Bangweulu**  
**Completion of 1x3 CRB at Kampolobombo Community School - K35,000**  
The Controlling Officer submitted that this was caused by under estimation of labour and building materials by the community. Besides this, the project implementation plan was in a phased manner due to limited funding. The Council had been allocated K22,575 as second phase funding under 2014, to enable the community complete the remaining works by 31<sup>st</sup> July,2015.

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

Your Committee urges the Controlling Officer to ensure that the project is expeditiously completed. He is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects before being contracted out. Your Committee also urges him to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

#### **Construction of a Maternity Wing at Kalasa Mukoso Rural Health Centre - K40,000**

The Controlling Officer submitted that the Council had resolved to phase the funding for the construction of Kalasa Mukoso Rural Health Centre maternity facility. The Council was mobilising resources from the locally generated income to enable the community complete all the remaining works such as external plastering, painting and dish drainage. Therefore, this project was estimated to be completed by 31<sup>st</sup> December, 2015.

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

Your Committee urges the Controlling Officer to ensure that the project is expeditiously completed. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects. Your Committee also urges the Controlling Officer to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

#### **Construction of Katanshya Market - K49,989**

The Controlling Officer submitted that works at Katanshya market had stalled because funding towards this project had been done in phases (i.e 2013 and 2014 CDF funding). The Controlling Officer informed your Committee that the market at Katanshya was nearing completion with the second allocation of 2014 funding, except for minor works such as fitting of 5 panel doors and plastering of stands.

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

Your Committee does not accept the reason given by the Controlling Officer and, therefore, urges him to ensure that the project is expeditiously completed. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects. Your Committee also urges the Controlling Officer to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

### **Mansa Municipal Council - Bahati Constituency**

#### **Completion of 1x3 CRB at Chibinde Primary School K26,121**

The Controlling Officer submitted that the status of the project at Chibinde Primary School was that the slab had been completed and the contractor had erected the superstructure walls. It was envisaged that the project would be completed when funds were released in the 2015 allocation. He also stated that the project committee failed to mobilise the 25% community contribution in terms of moulding of bricks, supply of stones and sand on time. The works had commenced and the structure had, however, reached ring beam level.

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

Your Committee does not accept the reason given by the Controlling Officer and therefore, urges him to ensure that the project is expeditiously completed. Your Committee awaits a progress report on the matter.

### **Completion of a staff house at Luchinka Primary School - K23,205**

The Controlling Officer submitted that the status of the project at Luchinka Primary School was that the superstructure of one teacher's house had been completed from window level and was also roofed. What was remaining was plastering and painting, but the superstructure was sub-standard. The Controlling Officer also submitted that the project committee at Luchinka failed to mobilise the 25% community contribution in terms of moulding of bricks, supply of stones and sand on time. The works had commenced and the structure had since reached ring beam level.

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

Your Committee does not accept the reason given by the Controlling Officer and, therefore, urges him to ensure that the project is expeditiously completed. Your Committee also urges the Controlling Officer to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

### **Non Completion of a Staff House at Moloshi Primary School - K24,580**

The Controlling Officer submitted that the staff house at Moloshi Primary School was complete, except for four windows which need glass panes and peg stays to be fixed. The Controlling Officer added that the project committee at Moloshi failed to mobilise the 25% community contribution in terms of molding of bricks, supply of stones and sand on time.

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

Your Committee awaits a progress report on the matter.

## **j) North - Western Province**

### **Irregular Advance Payments – Zambezi East Constituency**

The Controlling Officer agreed that it was irregular to give an advance payment at the rate of 30% of the contract sum. The council had been awarding full contracts to its contractors and the Council did not have the technical capacity in terms of staff in the procurement unit to guide accordingly. The Ministry would endeavour to ensure that the council followed the CDF guideline No. 12 (a) as guided by the auditor. The Council had been advised to seek authority before it effects payments to its contractors.

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

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee also urges the Controlling Officer to ensure that retrospective authority is sought on this irregularity. Your Committee awaits a progress report.

#### **i. *Failure to Supply and Deliver a Grader-Mufumbwe Constituency***

The Controlling Officer submitted that the failure to supply and deliver a grader was due to the supplier's delay to supply and deliver the grader within the stipulated time frame. He also stated that several follow-ups were made to have the grader delivered. The motor grader had since been delivered. The Controlling Officer assured your Committee that future suppliers would be scrutinised as to their capability to supply and deliver within the stipulated time frame.

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

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

- ii. *Over-commitment of Funds - Kabompo West Constituency*  
The Controlling Officer submitted that the over-commitment of funds amounting to K142,620 was approved by the Council at its sitting of 20<sup>th</sup> December, 2013, as determined by CDF committee. The Controlling Officer also added that strict measures had been put in place to ensure that all projects were approved by the Council after field appraisals to avoid over-commitment in future.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but expresses concern at the failure by the officers to avail the minutes to auditors during the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

- iii. *Unsupported Payment - K60,000*  
The Controlling Officer submitted that the unsupported payment for the radio station was as a result of misplacement but these had been traced, filed and ready for verification. The Controlling Officer assured your Committee that a proper filing system had been put in place to ensure that all documentation was attached to the payment vouchers.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but expresses concern at the failure by the officers to avail the supporting documents to auditors during the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee resolves to await a progress report on the matter.

- iv. *Unapproved Project – Construction of Kabompo Community Radio Station*  
The Controlling Officer submitted that the project was correctly approved by the full Council, but was erroneously omitted in the minutes of the meeting that was held on 20<sup>th</sup> December, 2013. The Controlling Officer confirmed that the project was approved by the Council in the meeting held on 28<sup>th</sup> August, 2014.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but expresses concern at the failure by the officers to avail the minutes to auditors during the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

**Projects Management**

**Solwezi-East**

**Construction of a Bridge Across Sobonto Stream - K48,865**

The Controlling Officer submitted that this was a labour-based contract which required the Council to procure all the necessary materials while the contractor was expected to carry out the construction. The Council procured and delivered the materials as was requested by the contractor. At the end of the project only twelve culverts had been utilised while the remaining four culverts were at the Council Stores office. The Controlling Officer submitted that the culverts were available and would be utilised on other CDF projects within Solwezi West Constituency. The Council had received qualified staff to generate bills of quantities (BoQ's) and it was hoped that in the future, engineers' estimates would be much closer to the actual requirements than had been the trend in the past.



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

Your Committee urges the Controlling Officer to caution the Council on wasteful expenditure arising from failure to estimate works correctly based on Bills of Quantities. Your Committee further urges Controlling Officer to take disciplinary action against these officers. Your Committee awaits a progress report on the matter.

### **Ikelenge District Council**

#### **Mwilombi School; Construction of a Teacher's Staff House - K39,883**

The Controlling Officer stated that community mobilisation of upfront materials by the community was done very late. At the time of the audit, management had held meetings with the community to sensitise them on the community contribution. Communities, therefore, mobilized the upfront materials and as at 25<sup>th</sup> November, 2014, the staff house was at roof level. Moving forward, the Council would ensure that only projects from communities that were ready with community contribution were funded.

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

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

### **Zambezi West**

#### **Construction of Mize Main Market - K24,000**

The Controlling Officer submitted that late delivery of materials by some suppliers caused the non-delivery of the same. The Town Clerk had since written to the suppliers urging them to supply the said goods and would liaise with the full Council on reducing the number of projects on CDF.

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

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

### **k) Southern Province**

#### **Choma and Mbabala Central Constituencies**

The Controlling Officer submitted that the late delivery of materials by some suppliers caused the irregularity. The Town Clerk had since written to the suppliers urging them to supply the said goods and would liaise with the full Council on the need to reduce the number of projects on CDF.

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

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

### **Project management**

#### **Livingstone City Council**

#### **Rehabilitation and Electrification Of Classroom Block at Zambezi Sawmills Primary School - K19,332**

The Controlling Officer submitted that the weakness in the management of projects was due to inadequate monitoring caused by the inadequate administrative component of the CDF allocation. He informed your Committee that the materials costing K19, 331.97 had been procured while electrification of the classroom and plastering to cover conduit pipes had since been completed. Plumbing works in the ablution were still ongoing.

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

Your Committee urges the Controlling Officer to ensure that the project is expeditiously completed in order to give full benefits to the intended communities. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects before commencement of works. Your Committee also urges the Controlling Officer to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

#### **Choma Constituency**

##### **Construction of 1 x 3 CRB at Lilly Pond - K73,713**

The Controlling Officer submitted that the weaknesses in the management of projects was due to inadequate monitoring caused by inadequate administrative component of CDF allocation.

He also stated that the delay was because the project was based in a farm area so each farm block was given a responsibility. At the time auditors visited the project, the farmers were busy with their farm works but all the materials were on site and the work had commenced and the slab had been done while part of the wall had been lifted.

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

Your Committee does not accept the reason given by the Controlling Officer and, therefore, urges him to ensure that the project is expeditiously completed. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects before the contractors are engaged. Your Committee also urges the Controlling Officer to ensure that supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

#### **Choma - Mbabala Constituency**

##### **Rehabilitation of a Staff House at Nawana School - K29,789**

The Controlling Officer submitted that the reason for the query was because of weakness in the management of projects in that there was poor workmanship and failure to complete works on time. The Controlling Officer also added that the community wanted to demolish the whole house since it was almost collapsing but they instead demolished up to window level. The works had resumed and the house was at roof level.

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

Your Committee does not accept the reason given by the Controlling Officer and, therefore, urges him to ensure that the project is thoroughly and expeditiously completed. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects before the contractors are engaged to carry out works. Your Committee also urges the Controlling Officer to ensure supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

#### **Namwala Constituency**

##### **Completion of 1x 2 CRB at Chulu Chikunka Community - K34,800**

The Controlling Officer submitted that the poor project implementation was because of high administrative costs due to proliferation of projects which were shared to every ward. The effective monitoring of these projects had been a challenge due to the limited CDF administrative component and community participation had been poor. The Council conducted community sensitisations at the project site. As of 31<sup>st</sup> January, 2015, the following works were done; roofing completed while

plastering was in progress. The Controlling Officer had directed all councils to approve few projects that could be fully funded and completed within one year.

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

Your Committee does not accept the reason given by the Controlling Officer and, therefore, urges him to ensure that the project is expeditiously completed. The Controlling Officer is further urged to ensure that contractors are thoroughly screened and that enough funds are allocated to projects before contractors are engaged to carry out works. Your Committee also urges him to ensure supervision of works is enhanced to avoid poor workmanship. Your Committee awaits a progress report on the matter.

## **MINISTRY OF LOCAL GOVERNMENT AND HOUSING**

### **AUDIT QUERY**

PARAGRAPH 36

DEPARTMENT: Local Government Administration

PROGRAMME: Grants to Institutions

ACTIVITY: Various

### **Accounting and other Irregularities**

36. An examination of accounting and other records maintained at the Ministry headquarters, forty-five (45) selected councils and a physical inspection of selected projects carried out from July to August, 2014 revealed accounting and other regularities to which the Controlling Officer responded as set out below.

a) **Missing Payment Vouchers - K3,927,983**

Relating to Mafinga, Solwezi Municipal and Lusaka City councils, the Controlling Officer informed the Committee that the missing of payments vouchers were as a result of mis-filing. He, however, informed the Committee that all the vouchers had been traced and properly filed. The said vouchers were available for verification. He further stated that the councils had put in place strict measures to make sure that accounting documents were not misplaced or misfiled while Lusaka City Council, particularly, had since increased staffing levels in payments office.

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

Your Committee expresses concern at the failure by the officers to avail payment vouchers to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against erring officers for this lapse. Your Committee resolves to close the matter subject to audit verification.

b) **Unsupported Payments - K1,831,806**

In relation to Sesheke and Kalabo Districts, the Controlling Officer submitted that at the time of audit, the documents in question did not have receipts because some statutory bodies did not issue receipts at the time of paying the contributions. The Controlling Officer had directed that all payments relating to statutory bodies like Local Authorities Superannuation Fund (LASF), Zambia Revenue Authority (ZRA) and to the Zambia United Local Authorities Workers Union (ZULAWU) local branch which did not have receipt books should deposit the amounts and show the deposit slips relating to the same. The deposit slips were available for verification. LASF and ZRA had since given the Councils the receipts while ZULAWU Local Branch was in the process of having receipt books made and had pledged to issue all the receipts before end of March, 2015. The receipts from LASF and ZRA were ready for verification. In addition, the Ministry had put up some measures so as to track down the receipts from these bodies and would ensure that any payment made in future to these same statutory bodies were receipted before being released. The Local Government Service

Commission had since employed qualified personnel to handle such matters in the Finance Department.

With regards to Mafinga, Mpika, Rufunsa, Mpongwe Districts and Lusaka City Councils, the Controlling Officer informed your Committee that the unsupported payments were due to the fact that at the time of audit, some of the documents were still with suppliers while in some cases they were misfiled due to the movement into new offices. The Councils had since traced and collected all the supporting documents and attached them to appropriate vouchers in respect of the transactions in question.

As for Kazungula District Council, the Controlling Officer stated that cheque No. 007007 amounting to K16,245 payable to Zambia Revenue Authority was infact not paid. Copies of the bank statements and the taxpayer account statements from ZRA were made available and verified by the auditor. Both the bank and ZRA statements evidently showed that the amount was not paid. As for the payments that were made to NATSAVE, no receipts were obtained because naturally there were no receipts issued from loan recoveries and the Ministry had since obtained an acknowledgement letter from the bank which letter was also verified by the auditor.

Going forward, the Ministry was now obtaining a monthly letter of acknowledgement from NATSAVE for loan recoveries. Further, internal controls had been enhanced so that all payments had their supporting documents attached and untampered with.

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

Your Committee expresses concern at the failure by the officers to obtain receipts from suppliers and other bodies and avail them to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee urges the Controlling Officer to ensure that the internal controls are enhanced without any further delay. Your Committee awaits a progress report on the matter.

#### **c) Unaccounted for Funds - K3,858,455**

##### **Serenje District Council - K508,981**

The Controlling Officer submitted that the query on the unaccounted for funds was as a result of the salary ledger which was not updated at the time of the audit. He informed your Committee that the Salary Ledger had since been updated and was available for verification. The Council in Serenje had since put up a specific officer to update the ledgers so that they were updated at all times.

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

Your Committee expresses concern at the failure by the officers to update the salary ledgers and avail them to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers for this lapse and also ensure that the internal controls are enhanced without any further delay. Your Committee awaits a progress report on the matter.

##### **Solwezi District - K2,208,280**

The Controlling Officer submitted that the funds reported as unaccounted for were as a result of duplication of figures by the auditor during the audit process. The error was discussed at provincial verification level and was eventually dropped. The status report from the Provincial Audit Office was available. The Controlling Officer had advised the Council to strictly adhere to financial regulations in future.

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

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

#### **Kasempa District-K500,000**

The Controlling Officer submitted that the funds reported as unaccounted for were actually accounted for and it was verified by auditors from the Auditor-General and the matter was cleared at the time of the audit. The Council had since put together all documents pertaining to the subject matter for the auditors' verification.

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

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

#### **Lusaka City Council - K641,194**

The Controlling Officer submitted that the unaccounted for funds were as a result of not transferring the salary grant in full to the Salaries and Wages account for onward payment of salaries. The Council had transferred the funds amounting to K567,912.98 from the Grant Account to the Salaries Account and the funds had been channelled to payment of salaries. He further informed your Committee that the funds amounting to K73, 280.76 were also transferred from the Grant Account to the Salaries Account on 23<sup>rd</sup> September, 2014 and were channelled to payment of salaries. The Council was ensuring that funds were transferred in full.

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

Your Committee expresses concern at the failure by the officers to transfer the salary grant in full to the salaries and wages account for onward payment of salaries. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers and also ensure that the internal controls are enhanced without any further delay. Your Committee awaits a progress report on the matter.

#### **Unaccounted for Stores - K45,799**

The Controlling Officer submitted that the thirty-four unaccounted for stores items costing K27,961 relating to Mafinga District Council were as a result of misplacements of receipts and disposal details where as for Serenje District Council, amounting to K17,838 unaccounted stores were as a result of non- collection of receipts by Council officers each time they refueled. The Controlling Officer submitted that the Councils had traced and filed all the receipts and disposal details. The Councils had also put in place the stock cards and the documentation was available for verification. The Controlling Officer also stated that the Councils had put in place strict measures so that all stores documents were properly filed and made available to auditors at the right time.

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

Your Committee expresses concern at the failure by the officers to avail receipts to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers and to also ensure that the internal controls are enhanced without any further delay. Your Committee awaits a progress report on the matter.

#### **c) Failure to Remit Statutory Contributions**

Relating to Lusaka,Kitwe and Livingstone City Councils, Mongu, Solwezi, Kasama, Mbala and Choma Municipal Councils, Senanga, Nakonde, Chama, Mpika, Serenje, Mkushi, Zambezi, Mufumbwe, Kasempa, Mpulungu, Luwingu, Chongwe, Luangwa, Chirundu, Chirundu, Siavonga, Lufwanyama, Kazungula, Namwala and Nyimba District Councils, the Controlling Officer

submitted that the statutory contributions in respect of PAYE, LASF, ZULAWU and NAPSA were not remitted by these Councils due to poor liquidity problems in the Councils and inconsistency in funding. Managements in these Councils were forced to use the same to pay officers in Division I to III to avoid possible labour unrest as the workers in Division IV, in some councils, were up to date using local resources like in the case of Livingstone. In many other cases, the Local Government Service Commission sent new members of staff without corresponding funding. The members of staff had to be paid their monthly salaries and the councils did not have any other source of funding, hence, the use of statutory contributions.

The councils had been cautioned to ensure that they remitted their outstanding arrears in instalments to dismantle the outstanding amounts. The councils had been warned to desist from misapplying funds meant for statutory obligations and the Ministry had since written to the Local Government Service Commission requesting for an increase in the salary grant in order to cover the short fall. In addition, effective January, 2015, the Ministry had started funding all staff concerned and the issues of using money meant for other activities would not arise.

The Controlling Officer submitted that the contributions relating to Nakonde District Council for the period under review were remitted to NAPSA except for PAYE and the copies of the payment vouchers were available for verification while Chama, Serenje, Mpulungu and Luwingu District Councils promised to start remitting Statutory contributions to respective Institutions by 31<sup>st</sup> March, 2015. Mpika and Chongwe District Councils had since remitted the total amounts outstanding. As for Mkushi, the Controlling Officer submitted that the query was due to misplacement of payment vouchers during the time of the audit. The payment vouchers were placed in the strong room for safe keeping together with other accounting documents and became difficult to trace at the time of audit. Payment vouchers and certificates of payments from the respective institutions had since been traced. The Council's Internal Audit had been strengthened with qualified human resource to ensure that payment vouchers were properly filed and coded for ease of reference. The other Councils had worked out modalities of liquidating the same every month until the arrears were cleared.

As for Chirundu District Council, the Controlling Officer submitted that the Council was unable to remit the statutory obligations to Zambia Revenue Authority in the year under review because it never had the identity number (TPIN) as required for tax remittance. The Council had since obtained the TPIN number and had since made a payment plan to liquidate the debt.

In the case of Kitwe City Council, the Controlling Officer submitted that the K1,321,841 actually reported were net payments made to retirees as down payments and not as PAYE owing. However, the PAYE deducted from the terminal benefits had not been remitted due to liquidity problems at Kitwe City Council. The PAYE deducted from the Terminal Benefits was posted to the ZRA ledger account for onward payment when liquidity improved. The Council had, however, continued to make monthly down payments of K100,000 to ZRA as agreed between both parties to amortise the debt.

In the case of Lufwanyama District Council, the Controlling Officer clarified that the unremitted statutory contribution for the Council was actually K23,655.31 at the time of the audit and not K1,404,981. The amount was wrongly quoted in that K1,404,981 was the amount the Council received as funding and not unremitted contributions. He, therefore, informed your Committee that the Council had remitted all outstanding statutory contributions to ZRA. The taxpayer account statement and receipt were available for verification.

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

Your Committee notes the submission, but urges the Controlling Officer to strongly caution the local authorities against failure to remit statutory contributions which is a very serious offence. The Controlling Officer is further urged to secure funds for the councils. Your Committee resolves to

close the matter in respect of Lufwanyama, Mpika and Chongwe District Councils subject to audit verification.

f) **Funds not Received – Masaiti District Council - K463,064**

The Controlling Officer submitted that situation arose due to delays in funding from the Ministry of Finance. The Ministry received all the funds totalling K532,036.92 and bank statements were available for verification. The Ministry would in future make follow ups on funds not received.

**Committee’s Observations and Recommendations**

Your Committee notes the submission and recommends the matter for closure subject to audit verification.

g) **Un-acquitted Allowances- Kitwe City Council - K26, 055**

The Controlling Officer submitted that the acquittals were misplaced at the time of the audit, but had since been found and were available for audit verification. The Controlling Officer assured your Committee that this would not recur again and the Council would ensure that such documents were attached immediately upon completion of the payment process.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail acquittal sheets to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee urges the Controlling Officer to ensure that internal controls are enhanced without any further delay. Your Committee awaits a progress report on the matter.

h) **Irregularities in Payment of Salaries and Allowances**

i. *Irregular payment of Allowance-K958,974*

Relating to Kapiri Mposhi District and Solwezi Municipal Councils, the Controlling Officer submitted that the Councils paid non-detrimental allowance to the affected officers with the aim of maintaining their current salaries. He, however, informed your Committee that they had since stopped paying these allowances until further notice as per directive from the Ministry and the money had been recovered. As for Choma Municipal Council, the officers had been written to on the recoveries for the overpaid amount since the Ministry had written and clarified the matter with the Council, for the officers who had been transferred to other councils recoveries would be done at their current stations. The Council managements had put up a system to strictly follow the regulations.

As for Livingstone City Council, the Controlling Officer submitted that the Ministry paid officers who were recruited into Council service before August, 2012, the difference between their former salaries and the harmonised salaries where the former was above the harmonised one. This was on account of the fact that it was against the Local Government Conditions of Service to cause someone to suffer a detriment if their former salary was better than the newer one. This was in tandem with the Non-Detrimental Clause contained in the Conditions of Service for Local Government Officers (1996) for Division I, II and III employees. Further, Circular No. MLGH/71/6/93 on the Review of Salaries and Conditions of Service for Management and Non-Unionised Employees in the Local Government Service dated 15<sup>th</sup> October, 2012, had recognised the Non-Detrimental clause due to the afforested reason.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that such cases are clarified with relevant authorities before a decision is made on how to proceed. The Controlling Officer is urged to clarify the matter with the Office of Attorney General. Your Committee awaits a progress report on the matter.

#### **Irregular Payment of Acting Allowance- K102,172 Kabwe Municipal Council-K85,129**

The Controlling Officer submitted that at the time of audit, the Council had the mandate to appoint members of staff in acting positions. It did not mean that with the establishment of the Local Government Service Commission all appointments made by the councils then were null and void. The Conditions of Service of 1996, supported the payment of responsibility allowances and there was no explicit instruction to abolish or regularised the same by obtaining authority from the Local Government Service Commission after the harmonisation. He also added that the Council had been instructed to write to the Local Government Service Commission to regularise the same. The Ministry in future would be involving the Local Government Service Commission in its all staff matters.

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

Your Committee does not accept the reason given by the Controlling Officer. It is clear that the Municipal Council sought authority retrospectively from the Local Government Service Commission to regularise the transactions which means that it is irregular. The Controlling Officer is strongly cautioned to desist from misleading your Committee. Your Committee resolves to close the matter subject to audit verification.

#### **Kapiri Mposhi District Council-K17,043**

The Controlling Officer submitted that during the year under review, the amount totalling K17,043 was paid to officers as acting allowances and responsibility allowances. The officers had been acting long before the Local Government Commission came in place and the prevailing Local Government Service Commission did not provide guidance as to whether all those who had been acting should cease to get acting allowances or not. The Controlling Officer, however, stated that the officers had stopped getting Acting Allowances pending clarification of the matter with the Local Government Service Commission and were now getting salaries as per their substantive positions and the money had been recovered. The Council Management had put in place a system to strictly follow the regulations.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that issue clarified with the Local Government Service Commission on the interpretation of the Conditions of Service and how to proceed. The matter is, however, recommended for closure subject to audit verification.

#### **Irregular Payment of Housing Allowance- K94,207**

##### **Isoka District Council - K6,609**

The Controlling Officer submitted that the Council's failure to withhold housing allowance was an oversight on Council management. The funds would be recovered from the officer's outstanding personal emoluments.



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

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

#### **Mpulungu District Council - K6,609**

The Controlling Officer submitted that Mpulungu Council erroneously paid housing allowance when the affected officer was occupying an institutional house. Management had since written Mkushi District Council where the officer had been transferred to informing them of the development so that deductions could be effected on the officer's pay. Further, the Local Government Service Commission had also been informed of this development.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the erring officers are cautioned for this lapse. Your Committee resolves to await a progress report on the recoveries.

#### **Chipata Municipal District - K79,337**

The Controlling Officer submitted that this anomaly was due to the migration process of transactions from excel spread sheets to Dove Payroll Package, during which process some of the records were partially omitted. The concerned employees had been written to and their current principal officers copied, so that the said irregular housing allowances that were being paid to them could be recovered from their leave pay. Furthermore, officers who had retired whilst serving Chipata Municipal Council had been informed that deductions would be made from their terminal benefits in order to rectify the anomaly.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the funds are recovered and that the erring officers are cautioned for this lapse. Your Committee resolves to await a progress report on the recoveries.

#### **Petauke District Council- K1,652**

The Controlling Officer submitted that the officer was given housing allowance but he did not physically move into it because the house was extensively damaged and required renovation at that time. The house had been renovated and the officer had since moved in and the housing allowance was deducted from his salary as per condition of service under which he served. The pay slips were available for verification and the Council had put in place a system of starting to deduct the recovery of advance in the month following payment and ledgers were updated immediately.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the erring officers are cautioned for this lapse. Your Committee resolves to close the matter subject to audit verification.

ii. *Irregular Payments of Salaries – Kapiri Mposhi - K126,698*

The Controlling Officer clarified that the position for Deputy District Planner was in the Council's establishment before the harmonisation took place in 2012, whereas Community Development Officer and were employed by the Local Government Service Commission, therefore, the matter rested with them to resolve. The letters for appointments were available for verification. The Controlling Officer submitted that it was the Local Government

Service Commission to appoint these officers to suitable councils where establishments existed.

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

Your Committee urges the Controlling Officer to ensure that the matter is clarified and resolved with the Local Government Service Commission without any further delay. Your Committee awaits a progress report on the matter.

iii. *Payments of Salary Arrears - K121,239*

The Controlling Officer submitted that for Kabwe Municipal Council these were payments not effected at the date of appointments and hence were effected in the preceding month. The supporting documents had since been found and were available for audit verification. The Council would ensure documents were always availed for audit.

Concerning Solwezi Municipal Council, the arrears arose as a result of the non-implementation of the Non-Detrimental Clause in the New Conditions of Service. The new Conditions of Service were applied retrospectively from October, 2013, resulting in arrears for the officers in question. The Council had fully implemented the new conditions of service.

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

Your Committee notes the submission but urges the Controlling Officer to ensure that the erring officers are cautioned for this lapse. The matter relating to Kabwe Municipal Council is, however, recommended for closure subject to audit verification while that for Solwezi Municipal Council awaits a progress report on the interpretation of the Non-Detrimental Clause.

iv. *Irregular Payment of Personal to Holder Allowance*

Relating to Serenje District and Mbala Municipal Councils, the Controlling Officer informed your Committee that the two councils misunderstood Circular MLGH/71/6/93 which stated that the personal to holder allowance was restricted to officers under LGSS 03. The Councils had since stopped paying personal to holder allowance. The presiding officers at the time had accepted to pay back the wrongly paid amount of personal to holder allowance. The recoveries were already done on the former town clerk for Mbala before being transferred, whereas for the Council Secretary for Serenje, the recoveries would commence on the October payroll and would run for twenty-four months.

The Controlling Officer assured your Committee that the affected Councils had lobbied the Local Government Service Commission to provide it with qualified staff in the areas of finance, audit and administration to ensure professionalism.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the erring officers are cautioned. Your Committee resolves to await a progress report on the matter.

v. *Irregular Payment of Fuel Allowance – Mkushi District Council - K36,368*

The Controlling Officer submitted that this was due to an error of made by Payroll Officers who paid double housing allowances to the Deputy Director of Works. For the other two officers, the error was made by the Payroll Officer who used the fuel allowance column for payment of back pay allowances which were differences in salaries between their previous

substantive positions and their promotion positions. The Controlling Officer, however, submitted that the officers had since refunded the amounts in question in full.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the erring officers are cautioned for this lapse. Your Committee resolves to await a progress report on the matter.

- vi. *Excess Payment of Fuel and Housing Allowances – Solwezi Municipal Council - K320,556*  
The Controlling Officer submitted that the query was as a result of misinterpretation of the new Conditions of Service. In the old (1996) conditions the Directors salary scale was LAP MS 03 which attracted 30% and 20% for transport and housing allowances respectively. Therefore, during the transition to the new Conditions of Service, the Council applied the Non-Detrimental Clause and maintained the 30% and 20% for transport and housing allowances, respectively. The officers had been reverted to appropriate rates of 20% and 10% respectively for Transport and Housing allowances.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the erring officers are cautioned for this lapse. Your Committee resolves to await a progress report on the matter.

- vii. *Over Payment of Salary - K203,695*  
Relating to Mbala Municipal Council, the Controlling Officer submitted to your Committee that the irregular payment was as a result of failure to correctly interpret the provisions of the October, 2012, Ministerial Circular regarding Conditions of Service. Mbala Municipal Council did not have adequate qualified staff in Audit, Finance and Administration who could interpret ministerial instructions professionally.

In the case of Choma Municipal, Mpulungu and Mpongwe District Councils, management in these councils were paying the officers on the basis of the basic salaries that the officers were paid by their previous Councils. The challenge was the interpretation of the scales under which the conversions were done, hence the councils had to maintain the basic salaries on the basis of what their previous Councils paid them. The Controlling Officer, however, informed your Committee that management had instituted recoveries on all payments irregularly made. For example in the case of the former Town Clerks, the councils placed them on the correct salary scale.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the erring officers are cautioned for this lapse. Your Committee resolves to await a progress report on the matter.

- viii. *Over Payment of Housing Allowance – Kabwe Municipal Council - K18,630*  
The Controlling Officer submitted that the payment was part of those payments tied to the interpretation of Non-Detrimental Clause to which the Local Government Service Commission and the Ministry of Local Government and Housing were supposed to seek the Attorney General's interpretation, but had not come to date. Arising from this, an interpretation was given by the Legal Department in the letter dated 29<sup>th</sup> October, 2012 and authorised by the Town Clerk for the computation to be effected by the Finance Department. The supporting letter was available for audit verification while an interpretation was being

awaited from the Attorney General on the Non-Detrimental Clause in the harmonisation of salaries.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the erring officers are cautioned for this lapse. Your Committee awaits a progress report on the interpretation of the Non-Detrimental Clause.

### **Irregular Payment of Transport Allowance - K23,487**

#### **Chinsali District Council - K11,990**

The Controlling Officer submitted that the payment of transport allowance to an officer under LGSS 02, who was also entitled to fuel allowance was an oversight and the duplicate payment of transport allowance had since been discontinued and recoveries effected. The Municipal Council had so far recovered K4,995.80 and the remaining balance of K6,994.2 would be recovered through deductions from his outstanding leave day's commutation whose process had started and documents were available for verification.

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

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

#### **Mpika District Council - K11,497**

The Controlling Officer submitted that Mpika Council paid an officer transport allowance in place of a personal-to-holder vehicle. The Council of Mpika had since recovered the K11,497 erroneously paid to the officer as transport allowance under General receipt No.5773 dated 10<sup>th</sup> October, 2014 and had since discontinued paying him the transport allowance. The Conditions of Service regarding the personal-to-holder vehicles had been clarified and the council now adhered to the Conditions of Service.

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

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

#### **a) Capital Projects**

The Controlling Officer submitted that the contractor, (Mushom Suppliers and General Contractors) had included VAT of K25, 488 on the quotation as part of the bill while he was not VAT registered. The Council had requested the contractor to pay back the amount of K25, 488 of which he had since committed himself to settle. The Council would seriously scrutinise future contracts as regards to VAT so that the same should not recur.

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

Your Committee expresses concern at the failure by the officers to notice that the contractor was not VAT registered by ensuring that his documents were reviewed before payment. The Controlling Officer is urged to ensure that disciplinary action is taken against erring officers and that recovery of the amount is done without any further delay. Your Committee awaits a progress report on the matter.

## **Luapula Province**

### **Mwense District Council – Construction of Kalanga Market - (over-commitment of - K394,638)**

The Controlling Officer submitted that the funding for the market was to be done in phases. This meant that advance payments were made to enable the contractor mobilise to the site and commence works while subsequent payments would be based on certified works as per interim certificates. The Council had since availed the interim certificates for the works executed for onward submission to the Ministry of Finance for funding. The Ministry had strongly advised the Council to strictly follow guidelines of the project contracts.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that councils are strongly cautioned against over committing the Government to contracts. Your Committee is of the view that projects will stall in cases where the Government fails to fund the projects in the preceding year(s) and thus cause wasteful expenditure due to vandalism on the projects or even litigation due to default. The Controlling Officer is further urged to ensure that funding to this project is secured and ensure that the project is completed expeditiously. Your Committee awaits a progress report on the matter.

### **Chipili District Council - Construction of Ten (10) Three Bedroom Medium Cost Houses (over commitment of - K2,774,094)**

The Controlling Officer submitted that the funding for the construction of ten medium cost houses was to be done in phases. In this regard, advance payments were made to enable the contractor mobilise to the site and commence works, while subsequent payments were to be based on certified works as per interim certificates. The Council had since availed the interim certificates for the works executed for onward submission to the Ministry of Finance for funding. The Controlling Officer submitted that he had advised the Council to undertake projects only when funds were available.

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

Your Committee notes the submission but urges the Controlling Officer to ensure that the councils is cautioned against over-committing the Government to contracts. Your Committee is of a view that projects will stall in cases where the Government fails to fund the projects in the preceding year (s) and thus cause wasteful expenditure due to vandalism on the projects or even litigation due to default. The Controlling Officer is further urged to ensure that funding to this project is secured and that the project is completed expeditiously. Your Committee awaits a progress report on the matter.

### **Mwansabombwe District Council - Construction of Ten Three–Bedroom Medium Cost Houses (Over - commitment of - K3,156,774)**

The Controlling Officer submitted that the funding for the construction of ten three-bedroomed medium cost houses was to be done in phases. In this regard, advance payments were made to enable the contractor mobilise to the site and commence works, while subsequent payments would be based on certified works as per interim certificates. The Council had since availed the interim certificates for the works executed for onward submission to the Ministry of Finance for funding. The Ministry had advised the Council to undertake projects in future only when the funds were available.

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

Your Committee notes the submission but urges the Controlling Officer to ensure that Councils are strongly cautioned against over committing Government to contracts. Your Committee is of the view that projects will stall in cases where Government fails to fund the projects in the preceding year (s)

and thus cause wasteful expenditure due to vandalism on the projects or even litigation due to default. The Controlling Officer is further urged to ensure that funding to this project is secured and the project completed expeditiously. Your Committee awaits a progress report on the matter.

### **Eastern Province**

The Controlling Officer submitted that the delay in completion of the project was due to the fact that the contractor abandoned the works and the Council was left with no option, but to terminate the contract. The Council had taken over the works which were nearing completion using available staff in the Works Department. The submersible pump had been procured and installed whilst the tank was yet to be raised. The Council would in future ensure careful scrutiny of all contractors before they were finally awarded a contract. The contracts would only be awarded to those with good track records.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the project is completed expeditiously and that liquidated damages are claimed from the contractor for failure to execute the contractual obligations. Your Committee awaits a progress report on the matter.

## **MINISTRY OF JUSTICE**

### **AUDIT QUERY**

PARAGRAPH 37

Units:	Various
Programmes:	Various
Activities:	Various

### **Accounting and other Irregularities**

37. An examination of accounting and other records maintained at the Ministry Headquarters carried out in October, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Missing Payment Vouchers-K354,209**

The Controlling Officer submitted that backing sheets and details in the IFMIS system and bank statements were available as a way of certifying that the payments were authentic and that the payee received the payments which the original vouchers covered.

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

Your Committee expresses concern at the failure by the Controlling Officer to ensure that documents are properly secured and urges him to take disciplinary action against erring officers. The Controlling Officer is further urged to strengthen internal controls that are evidently weak. Your Committee awaits a progress report on the matter.

b) **Unaccounted for Stores K1,183,386 (General Stores – K833,386 and Fuel – K350,000)**

The Controlling Officer submitted your Committee that upon tracing the receipts and disposal details, the Ministry they managed to submit them for audit and were available for further scrutiny.

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

Your Committee notes the submission but urges the Controlling Officer to ensure that the disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

c) **Misapplication of Funds - K41,740**

The Controlling Officer submitted that authority to vary expenditure relating to debt collection for the year 2013, was obtained and was available for verification.

**Committee's Observations and Recommendations**

Your Committee strongly cautions the Controlling Officer to desist from abrogation of the *Appropriation Act of 2012* and that such would not be acceptable in future. Your Committee resolves to close the matter subject to audit verification.

d) **Compensation and Awards Account**

i. *Questionable Interest Rates*

The Controlling Officer submitted that the Ministry was currently engaging the Judiciary on the possibilities of ensuring that the awarded interest rates did not exceed the 6% specified in the state proceedings act Cap 71 section 20. However, he noted the contents of the *Judgments (Amendment) Act Cap 81* which gave authority to the courts of law to award interest rates not exceeding the current lending rate as determined by Bank of Zambia.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to provide documentary evidence to the auditors during the time of audit and also during audit verification. Your Committee directs the Controlling Officer to avail documentary evidence regarding his Ministry engagement with the Judiciary on the matter to auditors. Your Committee resolves to await a progress report on the matter.

ii. *Judgments Entered in Default*

The Controlling Officer submitted that the Ministry of Justice's Civil Litigation Department was understaffed and the ratio of the available state advocates to the number of cases pending normally stood at 1:200. He also stated that the Ministry made an attempt to resolve this situation by requesting for Treasury authority so that more state advocates could be employed to be based in the various Government ministries. Unfortunately, due to Government stance on recruitment and the wage freeze in the 2014 financial year, authority had not been obtained.

In his oral brief, the Controlling Officer informed your Committee that Treasury Authority to employ had since been granted.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that controls were strengthened to eliminate possibilities of connivance between state advocates and the complainants. The Controlling Officer is also urged to ensure that all recruitment of advocates is done expeditiously. The matter will be noted in future audits.

iii. *Technical Committee on the Review of the Constitution*

The Controlling Officer submitted that the excess expenditure came from the provinces and districts as retirements of the unutilised funds.

**Committee's Observations and Recommendations**

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

- iv. *Unsupported Payments - K3,371,958*  
The Controlling Officer submitted that all payments which were not supported had since been supported and had been audited.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that disciplinary action is taken against erring officers. Your Committee awaits a progress report on the matter.

- v. *Lack of Expenditure Records - K1,245,006*  
The Controlling Officer submitted that all the expenditure records amounting to K1,245,006 for the districts cited were now available for verification.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that disciplinary action is taken against erring officers. Your Committee awaits a progress report on the matter.

**MINISTRY OF COMMERCE, TRADE AND INDUSTRY**

**AUDIT QUERY**

PARAGRAPH 38

PROGRAMME: Various

UNITS: Various

ACTIVITES: Various

**Accounting and other Irregularities**

38. An examination of accounting and other records maintained at the Ministry headquarters and physical inspections of selected projects carried out in August, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Officers not paying Statutory Contributions-K106,327**

The Controlling Officer submitted that the anomaly was due to a system malfunction and the Ministry had accordingly remitted the employee contributions. The Ministry of Finance had not yet advised on the remittance of the employer contributions.

**Committee's Observations and Recommendations**

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

b) **Unaccounted for Stores-K286,955**

The Controlling Officer submitted that out of the stated amount of K286,955, receipts and disposal details worth K105,519 had been traced and were available for verification. The balance of K181,435.84 could not be provided because the Ministry failed to collect the duly signed schedules of the participants for various National events and other suppliers. As a corrective action, the Procurement Office had been directed not to rely on the supplier's disposal details but ensure that officers signed for goods immediately upon collection.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the poor management of stores records at the Ministry and urges the Controlling Officer to ensure that the remaining stores documents for the balance of



K181,435.84 are traced. Your Committee further urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee awaits a progress report on the matter.

c) **Failure to Follow Procurement Procedures**

i. *Failure to refer to Procurement Committee-K174,950*

The Controlling Officer submitted that the procurement of bags amounting to K68,200 for the Zambia International Investment Forum was tabled to the Procurement Committee, but the Ministry ended up procuring from a different supplier.

**Committee's Observations and Recommendations**

Your Committee observes that there was no authority from the Procurement Committee in that the Ministry decided to procure from a different supplier other than the one tabled before the Procurement Committee. The Controlling Officer is urged to follow procurement procedures strictly. Your Committee resolves to close the matter subject to audit verification.

ii. *Single Sourcing of Conference Facilities- K447,460*

The Controlling Officer submitted that the Ministry proceeded to single source the conference facility from Zambezi Sun International Hotel without obtaining a no objection due to the timing of the Zambia International Investment Forum which was running at the same time the country was co-hosting the UNWTO Conference and demand for conference facilities at the same venue was high and the Ministry was likely to lose the facilities to other participating entities.

**Committee's Observations and Recommendations**

Your Committee observes that the reasons for single sourcing given by the Controlling Officer are unacceptable as the conference is a planned event and the Ministry should have procured the facilities in accordance with the *Procurement Act of 2008* and ZPPA Circular No. 1 of 2009. Your Committee resolves to close the matter, but cautions the Controlling Officer against abrogation of procurement procedures.

d) **Misapplication of Funds - Procurement of Motor Vehicles-K2,345,073**

The Controlling Officer clarified that only K1,000,000 was varied from the Planning and Information Department to the Human Resource and Administration (HRA) Department as the balance was already meant for capital expenditure under HRA. The Controlling Officer further clarified that a saving was identified, therefore, no activity suffered as a result of the variation. The Controlling Officer, however, informed your Committee that the procurement of vehicles without obtaining prior authority to vary funds had no justifiable reason and the officers involved had been verbally cautioned and advised to adhere to procedures. The Controlling Officer explained that the Ministry received two additional Deputy Ministers who required duty vehicles, while the duty vehicle for the Cabinet Minister was in a deplorable state prompting the Ministry to request from procurement of the vehicle from the Secretary to the Treasury and the Plant, Vehicle and Equipment Committee (PVEC) at Cabinet Office for funds. Further, the Zambia Public Procurement Authority did also grant authority. The Ministry had since written to the Secretary to the Treasury for retrospective authority to vary funds to normalise the procedure.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to verification.

## MINISTRY OF FINANCE

### AUDIT QUERY

PARAGRAPH 39

DEPARTMENTS: Various  
PROGRAMMES: Various  
ACTIVITIES: Various

### Accounting and other Irregularities

39. An examination of accounting and other records maintained at the Ministry Headquarters carried out in August, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to Recover Loans and Advances-K278,611.34**

The Controlling Officer informed your Committee that contrary to the view that recoveries were not effected the former Permanent Secretary in the Ministry of Transport, Works, Supply and Communications applied for a loan of K300,000 in September, 2013 and a part payment of K200,000 was subsequently paid to her on 22<sup>nd</sup> October, 2013. The Controlling Officer explained that immediately the part payment was made, it was fed on the payroll to run for thirty-six (36) months as a contractual loan commencing November, 2013. Soon thereafter, the balance of K100,000 was paid to her on 15<sup>th</sup> November, 2013 and was equally fed on the payroll in the month of December, 2013. The Controlling Officer further informed your Committee that upon termination of her contract on 14<sup>th</sup> January, 2014, the unrecovered balance of K278,611.34 was earmarked to be recovered in full from her gratuity.

The Office of the Accountant General clarified to your Committee that the amount in question had since been paid back in full.

### Committee's Observations and Recommendations

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

b) **Weaknesses in the Administration of the Public Service House Loan Scheme**

i. *Unaccounted for Public Funds K420,968*

The Controlling Officer submitted that the difference of K420,968 between the Zambia National Building Society and the Auditor General's computation arose due to Mortgage Construction cases on which customers were given part disbursements, but did not request for their final disbursement on the approved mortgage. These funds had since been transferred to the Public Service House Loan Scheme account and records were available for audit verification.

### Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to ensure that these funds were transferred on time. Your Committee urges the Controlling Officer to ensure that such matters are dealt with expeditiously. Your Committee resolves to close the matter subject to audit verification.

ii. *Irregular Investment of Public Funds into Fixed Deposit Accounts*

The Controlling Officer acknowledged that the funds were invested by the Management of ZNBS which opted to use its internal policy to place such funds in fixed deposit accounts and this amount earned a much higher interest than current accounts. The aim was that such fixed deposit accounts would then be closed as and when funding was requested to cover approved applications on the scheme. The net interest earned on funds placed in fixed deposits by the bank was K1,633,928.

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

Your Committee expresses concern at the action taken by the Controlling Officer to allow the deposit of funds in a fixed deposit without prior authority from the Treasury which was contrary to Financial Regulations. Your Committee is also concerned that the Management of ZNBS used the interest earned for operations instead of crediting it to the Scheme Account. Your Committee strongly urges the Controlling Officer to caution the management of ZNBS to desist from making irregular investments. Your Committee also urges the Controlling Officer to ensure that interest which was erroneously retained for operations is reimbursed to the Scheme Account without further delay. The Controlling Officer should further seek retrospective Treasury authority to regularise the investment. Your Committee awaits a progress report on the matter.

#### **c) Weaknesses in the Operation of IFMIS**

##### *i. Lack of a Documented Business Continuity Plan (BCP)*

The Controlling Officer submitted that the delay in finalising the draft was necessitated by the need to have wide consultation in order for the document to thoroughly incorporate all areas that would require attention. A detailed BCP draft document which had been developed with inputs from various stakeholders was available for audit verification.

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

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

##### *ii. Transactions not being Captured in the System*

The Controlling Officer submitted was noticed by the Treasury in the first quarter of the year under review and immediate action was taken which culminated to the internal audit report quoted by the Auditor General to which the Treasury undertook the following measures to resolve matter:

- with holding of funding for the MPASs until they complied with the capturing of transactions in the system. Though this measure affected service delivery, however more emphasis has been put on educating users on the benefits of using the system to process payments;
- withdrawal of all manual Local Purchase Orders (LPO) and Cheque Books so that MPSAs are compelled to use the system generated LPOs and Cheques,
- calling for meetings with officers from MPSAs who have challenges with the system; and
- sending officers to MPSAs with challenges in using the system to enhance capturing of transactions.

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

Your Committee resolves to close the matter subject to audit verification

UNITS: Various  
 PROGRAMMES: Various  
 ACTIVITIES: Various

**Accounting and other Irregularities**

40. An examination of accounting and other records maintained at Central statistical Office headquarters and regional offices revealed t accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unvouched Expenditure-K60,000**

The Controlling Officer submitted that the six payment vouchers that were missing or inadequately supported had now been traced from the individual personal files and were available for audit verification.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification

b) **Delay in the Completion of CSO Office Block**

i. *Revised Contract Price*

The Controlling Officer acknowledged that the contract price had been revised at different times from the initial cost of K14,743,125 in 2001. The revised cost of construction as at October, 2014, was K42,413,003 out of which a total amount of K32,625,150 had been paid leaving a balance of K9,787,852 against the contract price. The Controlling Officer added that the revision of the contract price at various intervals was due to inadequate releases of funds by the Treasury. The Controlling Officer further explained that the Buildings Department was handling all issues pertaining to the supervision of works and the Treasury released funds to the contractor as and when the certificate of completion was submitted.

In his oral submission, the Controlling Officer revealed that there were some variations to uplift the face of the structure to meet current demands which had also contributed to the delay as there were some added works to the original plan.

**Committee’s Observations and Recommendations**

Your Committee is greatly concerned that the construction of this building has taken over fourteen years which was unacceptable as costs have escalated from K14,743,125 in 2001, to K42,413,003 as at October, 2014. Your Committee reiterates its earlier recommendation for the Treasury to find the funds to complete this building without further delay. Your Committee resolves to await a progress report on the matter.

ii. *Charge of Interest-K344,202*

The Controlling Officer submitted that the total interest that was charged on late settlement of the contractor’s claims stood at K344,202 and the amount had since been paid following releases of funds from the Treasury.

**Committee’s Observations and Recommendations**

Your Committee observes that the Government will continue to pay interest for late settlement of contractor claims as long as measures are not put in place to complete the

construction of the building. Your Committee resolves to close the matter but urges the Treasury to ensure the project is completed.

iii. *Progress on the Works*

The Controlling Officer submitted that the last physical inspection was carried out in October, 2014, by the Buildings Department and a progress report was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concerns that various works have remained outstanding and urges the Controlling Officer to ensure that works are completed on schedule. Your Committee awaits a progress report on completion of the works.

**MINISTRY OF LABOUR AND SOCIAL SECURITY**

AUDIT QUERY

PARAGRAPH 41

PROGRAMMES: Various

ACTIVITIES: Various

**Accounting and other Irregularities**

41. An examination of accounting and other records maintained at the Ministry Headquarters and a physical inspection of selected projects at four field stations carried out in September, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unacquitted Allowances-K50,550**

The Controlling Officer submitted that all the nine transactions in respect of the amount of K50,550 had been accounted for. The acquittal sheets were wrongly attached to the retirement form for imprest instead of payment vouchers.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but expresses concern that the documents were not found during the audit process. Your Committee resolves to close the matter subject to audit verification.

b) **Irregular Use of Imprest to Procure Goods and Services-K85,985**

The Controlling Officer acknowledged that the use of imprest to procure goods and services was not allowed by the Financial Regulations. However, the Ministry went through a prolonged period without receiving funds from the Treasury. When these funds were received, the urgency of some of the outstanding issues compelled the Ministry to use imprest in order to speed up the acquisition of the goods/services in order to limit disruption to the smooth operations of the Ministry in its quest to deliver services to the public. The Ministry took steps to ensure that the goods and services procured were obtained at competitive prices and that there was no misuse of public funds.

**Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the Controlling Officer is justifying irregularities in the Ministry of Labour and Social Security. Your Committee reminds the Controlling Officer that the funding challenges are not unique to the Ministry and strongly urges him to desist from embracing such irregular practices. Your Committee resolves to close the matter, but requests the Auditor General to note the matter in future audits.

c) **Unsupported Payments-K689,435**

The Controlling Officer acknowledged that payments amounting to K689,435 were not supported by relevant documents such as receipts and invoices and explained that the Ministry had since vouched transactions amounting to K525,735.83. The Controlling Officer further submitted that fourteen transactions amounting to K106,299 were payments made to enable Constitutional Office holders travel abroad and locally (air tickets, DSA/fuel). Authority to travel on national duties was obtained from State House and were available for audit verification.

The Controlling Officer submitted that the local travel and the associated expenditure for Ministers were difficult to account for due to the nature of the mandate given to the Ministry requiring that some of the cases be attended to by the Honourable Ministers quickly in order to maintain industrial harmony and peace. He added that the Honourable Ministers' travelled with the knowledge of the President and that the purposes of their travel and details of their findings were discussed in Cabinet meetings to which the Ministry was not privy.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Controlling Officer is citing confidentiality for failure to account for funds which is highly unacceptable. Your Committee, therefore, urges the Controlling Officer to avail all the supporting documents to the auditors. Your Committee awaits a progress report on the matter.

d) **Unaccounted for Stores- K975,928**

The Controlling Officer acknowledged that stores items costing K975,928 were not accounted for, but explained that thirty-three transactions for fuel amounting to K451,186 and the twenty-two transactions relating to general stores totalling K524,745 had since been accounted for. The Controlling Officer further informed your Committee that in order to address this anomaly, the Ministry has recruited qualified staff to handle stores operations and increased their capacity to handle this function by further training them.

**Committee's Observations and Recommendations**

Your Committee observes that the failure by the Ministry to account for stores costing K975,928 was a result of negligence on the part of officers who were responsible for stores. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against the officers responsible. Your Committee awaits a progress report on the matter.

e) **Stolen Motor Vehicles-K206,000**

The Controlling Officer acknowledged that the vehicle in question was stolen and it had not yet been recovered. He informed your Committee that the delay in providing evidence regarding the conviction of the driver was due to the fact that it required engagement of the Ministries of Youth and Sports, Judiciary and Home Affairs. However, the driver was serving a sentence and was incarcerated at Lusaka Central Prison. As regards failure to redeem the replacement of the motor vehicle through the insurance company despite having paid all outstanding premiums, the Controlling Officer submitted that the insurance company declined the claim because the crime was committed by a Government employee who had been authorised to drive the vehicle.

**Committee's Observations and Recommendations**

Your Committee observes that the insurance is still redeemable and urges the Controlling Officer to engage the insurance company again. Your Committee urges the Controlling Officer to further

engage the Pensions and Insurance Authority to help in settling the claim. Your Committee awaits a progress on the matter.

f) **Overpayments of Fuel Allowances-K149,582**

The Controlling Officer submitted that the advance payments were made in order to secure funds to pay fuel allowances to the Ministers as they fell due. The cheques were only issued when the payments fell due and not at the date they were prepared. This was during the period when the Ministry was not receiving regular funding from the Treasury. The Ministry, therefore, saw it prudent to cut the cheques in advance and only issue them to the recipients when due. The Controlling Officer clarified that no officer was overpaid as alleged in the report. What transpired was that a decision was made to encash some of the cheques that had been cut in advance in order to meet some immediate needs that had arisen in the Ministry. These needs were in Geneva, Switzerland where a Ministerial delegation attending an International Labour Organisation Conference needed additional cash for its stay and the Deputy Ministers' trip to Livingstone on official duty. The documents where the Personal Secretary to the Deputy Minister signed for the cash and the deposit slip where funds were deposited in the account of the officer in charge of protocol for the particular trip to Geneva were available for perusal and verification.

**Committee's Observations and Recommendations**

Your Committee observes that the system put in place by the Ministry was highly irregular and could easily be abused. Your Committee urges the Controlling Officer to stop the practice forthwith. Your Committee resolves to close the matter subject to audit verification.

g) **Irregular Payment of Rentals-K108,000**

The Controlling Officer submitted that the entitlement of the officer was adjusted to 40% of the officer's statutory emoluments effective 1<sup>st</sup> March, 2013. In this case, the 40% amounted to K9,377.11 per month which was K377.11 above the K9,000 cited in the query. The correspondence between the Secretary to the Cabinet and the Clerk of the National Assembly dated 7<sup>th</sup> March, 2013 and the subsequent communication to the Ministry by the Secretary to Cabinet dated 10<sup>th</sup> October, 2013, were available for verification.

The Office of the Auditor-General confirmed to your Committee that in fact the officer concerned had since refunded the full amount and recommended the matter for closure.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Controlling Officer is trying to mislead your Committee when the affected officer has already repaid the funds in full. Your Committee resolves to close the matter.

h) **Installation of Wireless Internet Equipment at Ndola, Kitwe and Solwezi Labour Offices**

The Controlling Officer submitted that what was highlighted as not having been done by the contracted company in the report was not part of the terms of reference (TORs) in the contract. The Controlling Officer further informed your Committee that the works were performed as per specified TORs and the Ministry had since started phase 2 of the projects.

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

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to strengthen monitoring so that the Ministry can be fully aware of what the contractors are doing.

### **MINISTRY OF COMMUNITY DEVELOPMENT, MOTHER AND CHILD HEALTH**

AUDIT QUERY

PARAGRAPH 42

UNITS: Various

PROGRAMMES: Various

ACTIVITIES: Various

#### **Accounting and other Irregularities**

42. An examination of accounting and other records maintained at the Ministry headquarters and a visit to selected provinces and district offices carried out in July, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Food Security Pack Programme–Procurement and Distribution of Fertilizer and Seed**

##### **i. *Failure to Distribute Seeds-K19,986***

The Controlling Officer acknowledged that maize, groundnuts and soya-bean seed costing K19,986 meant for Kaputa, Mporokoso, and Solwezi Peri-Urban had not been distributed as of August 2014. This situation arose because the seed was delivered late to provinces as the supplier did not have them in stock. The legume seed that was received after 15<sup>th</sup> December, could not be distributed as the roads to the districts in question had become impassable. However, the seed was later on distributed and planted.

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

Your Committee expresses concern by the failure by the Ministry to distribute seed as planned affected beneficiaries negatively. Your Committee urges the Controlling Officer to take steps to prevent recurrence of the anomaly. Your Committee resolves to close the matter, but requests the Auditor-General to note the matter in future audits.

##### **ii. *Inputs distributed to Unrecommended Beneficiaries in Ndola-K18,475***

The Controlling Officer submitted that the three cited beneficiaries were actually receiving the inputs on behalf of the actual beneficiaries appearing in the register. As a measure to avoid a reoccurrence, the programme officers had been directed to use actual documentation such as national registration cards when collecting the inputs. In addition, the Ministry would procure cameras which would be used to take passport size photos of all beneficiaries to be attached on the beneficiary forms.

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

Your Committee urges the Controlling Officer to seal all the loopholes so that only intended beneficiaries receive the input. Your Committee also urges the Controlling Officer to take disciplinary action against officers that fail to strictly follow guidelines. Your Committee awaits a progress report on the matter.

##### **iii. *Inputs Distributed to Beneficiaries not Appearing in Registers-K2,324.50***

The Controlling Officer submitted that even though the Chairpersons of Ndeke Area Association and the Freedom Fighters' Association signed in the beneficiary register, they were in fact collecting on behalf of the actual beneficiaries who were eligible to receive as beneficiaries. The collection was done by the Chairpersons as a cost saving measure on



behalf of some of their beneficiaries. The Ministry had instructed all officers to only give out packs on written instructions from the beneficiaries who were unable to collect on their own.

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

Your Committee urges the Controlling Officer to take steps to seal all the loopholes so that only intended beneficiaries receive the inputs. Your Committee also urges the Controlling Officer to take disciplinary action against officers that fail to strictly follow guidelines. Your Committee awaits a progress report on the matter.

- iv. *Issuance of Incomplete Input Packs to Beneficiaries in Kamfinsa*  
The Controlling Officer submitted that some inputs were actually stolen and in an effort not to disadvantage some beneficiaries completely, the officers decided to rationalise the packs. The officers who were in charge of the missing inputs had since been charged and the matter had been reported to the Police. The District staff had been instructed to adhere to the programme guidelines and to seek approval from the District Food Security Committees when such eventualities occur.

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

Your Committee urges the Controlling Officer to improve the implementation of the programme so as to maximise the benefits for the recipients. Your Committee resolves to close the matter subject to audit verification.

### **MINISTRY OF COMMUNITY DEVELOPMENT, MOTHER AND CHILD HEALTH**

#### **AUDIT QUERY**

PARAGRAPH 43

DEPARTMENTS: District Community Medical Offices (DCMOs)  
PROGRAMMES: Various  
ACTIVITIES: Various

#### **Accounting and other Irregularities**

43. An examination of accounting and other records maintained at selected District Medical Offices and District Hospital carried out in July, 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Missing Payment Vouchers-K764,502**

The Controlling Officer submitted that a total of fifty-two payment vouchers for Kazungula totalling K460,205 were obtained by the Anti Corruption Commission and the acknowledgement form was available for audit verification. Further, eight payment vouchers from Solwezi and Samfya had been traced while a total of thirty-six payment vouchers amounting to K242,349 for Mwinilunga and Mansa districts had not been traced. The officers responsible for the anomaly had since been charged.

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

Your Committee expresses concern at the failure by the named stations to avail the payment vouchers at the time of the audit. Your Committee notes the efforts made to find the missing payment vouchers, but urges the Controlling Officer to put measures in place to prevent the reoccurrence of the query. Your Committee resolves to await a progress report on the payment vouchers amounting to K242,349 in respect of Mwinilunga and Mansa districts.

b) **Unsupported Payments-K704,607**

The Controlling Officer submitted that a total of eighty-six payments totalling K412,862 from ten (10) districts had been adequately supported leaving a total of fifty-eight (58) payment vouchers from three districts totalling K291,745. The DCMOs who had not attached supporting documentation had since been charged.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Ministry is still failing to support payments in accordance with Financial Regulations. Your Committee strongly urges the Controlling Officer to take steps to address the matter without delay. Your Committee directs the Controlling Officer to ensure that the remaining payments amounting to K291,745 are supported and documents availed for audit verification. Your Committee awaited a progress report on the matter.

c) **Misapplication of Funds-K298,399**

The Controlling Officer submitted that Mpongwe DCMO used the funds to hire workers who cleaned and guarded newly constructed health facilities. This was in an effort to mitigate shortage of manpower. This expenditure was within the health service delivery budget line. Kalomo and Zimba districts had since reimbursed the funds.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to guard against misapplication of funds meant for service delivery.

d) **Unaccounted for Funds-K76,231**

The Controlling Officer submitted that Zambezi and Lusaka had since accounted for the funds, while Luwingu had effected recoveries from the officer. Further, Kafue had reimbursed the funds.

**Committee's Observations and Recommendations**

Your Committee observes that failure to account for funds at the time of audit was a very serious omission which should attract disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

e) **Irregular and Questionable Payments**

i. *Questionable MoU - Mazabuka DCMO*

• **MoU not Authorised by Controlling Officer**

The Controlling Officer submitted that the MoU was authorised by the Controlling Officer, Ministry of Health at the national level and the letter of authorisation was available for audit verification. The Ministry had made a decision to review the MoU.

**Committee's Observations and Recommendations**

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

• **Lack of Cost Benefit Analysis**

The Controlling Officer submitted that as the programme was national in nature, there was no need for the District to conduct a cost-benefit analysis at the district level.

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

Your Committee resolves to close the matter.

- **Lack of Basis for Payment-K251,461**

The Controlling Officer submitted that payments for fuel and servicing motor vehicles was based on mileage covered as per contract. The contract was available for audit verification.

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

Your Committee is of the view that the contract as well as the proof of the mileage covered should have been availed for audit in order to support the payments. Your Committee resolves not to close the matter until all the supporting documents are availed for verification.

ii. *Irregular Payment of Allowances*

- **Subsistence Allowances – Zambezi DCMO-K6,700**

The Controlling Officer submitted that the subsistence allowances totalling K5,500 had since been refunded leaving a component of lunch allowances totalling K1,200 which was regular.

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

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

- **Transport, Out of Pocket and Lunch Allowances-K63,594**

The Controlling Officer submitted that the lunch and transport refunds for Lusaka DCMO were regular in that the activities were conducted outside the station while they had been instructed to effect recoveries for out of pocket allowances. Kafue and Kawambwa had since refunded the allowances while Mansa and Luangwa had been instructed to effect recoveries.

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

Your Committee observes that there was dishonesty in the manner the allowances were paid out and urges the Controlling Officer to take disciplinary action against the officers responsible for the omission. Your Committee awaits a progress report on the matter.

- **Irregular Payment of Loading and Off-loading Allowance-K29,215**

The Controlling Officer submitted that Mpika erroneously recorded Loading and Off-loading instead of subsistence allowance which was in line with Terms and Conditions of Services for the Public Service No. 154 (b) (i) which provides for payment of subsistence allowance on first appointment.

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

Your Committee resolves to close the matter, but strongly urges the Controlling Officer to ensure that such explanations are rendered during the audit process.

iii. *Workshops Held without Authority-K120,962*

The Controlling Officer submitted that the Ministry had since written to PSMD seeking further guidance on the interpretation of Circular No. 9 of 2012, as it was not practical for all of the 103 districts to seek authority from her office each time they wanted to hold workshops. The circular needed to be reviewed in order to operate effectively.

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

Your Committee expresses concern that the Controlling Officer was championing irregular conduct. Your Committee urges the Controlling Officer to grant retrospective authority to regularise the expenditure before the matter can be closed.

- iv. *Irregular Payment of Tuition Fees – Luwingu DCMO*  
The Controlling Officer submitted that the amount of K12,900 paid to the University of Zambia for tuition fees in respect of an accounting officer was erroneous and the money would be recovered from the officer. The officer who authorised the payment had since been charged.

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

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

### f) **Irregularities in the Payment and Retirement of Imprest**

- i. *Unretired Accounting Imprest-K270,393*  
The Controlling Officer submitted that imprest totalling K43,792 had been retired leaving a balance of K226,601. Further, Mansa and Kabompo had been instructed to effect recoveries which the DCMOs had been charged.

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

Your Committee notes that the matter has taken too long to resolve and urges the Controlling Officer to ensure that all the remaining imprest amounting to K226,601 is retired without further delay. Your Committee resolves to await a progress report on the matter.

- ii. *Questionable Retirement of Imprest – Kazungula DCMO-K60,814*  
The Controlling Officer submitted that the details on Accounts Form 44a were now reflecting the relevant details of the vehicle used on the assignment and the period of activities. The documents were available for audit verification.

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

Your Committee observes that the retrospective amendment of Accounts Form 44a casts doubt as to the genuineness of the retirement and urges the auditors to undertake further scrutiny to establish whether the said activities were actually undertaken. Your Committee awaits a progress report on the matter.

- iii. *Failure to Produce Activity Reports*  
The Controlling Officer submitted that activity reports for amounts totalling K88,755 in Chama and Mafinga had been traced.

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

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

- iv. *Irregular Procurement using Accountable Imprest-K209,425*  
The Controlling Officer submitted that the Ministry had sent circulars to all the DCMO's to refrain from using accountable imprest for procurement of goods and services whose values were obtainable on the market.

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

Your Committee urges the Controlling Officer to ensure that Financial Regulations and procurements guidelines are followed by all officers in the Ministry. Your Committee resolves to close the matter, but requests the Auditor General to note the matter in future audits.

#### **g) Weaknesses in Accounting for Drugs and other Medical Supplies**

##### **i. *Unaccounted for Drugs and Medical Supplies-K3,414,475***

The Controlling Officer submitted that drugs valued at K1,104,277 had been accounted for. The receipt and disposal details were available for audit verification. Further, Mazabuka, Mukinge, Kabompo, Mwinilunga, Mansa and Mpulungu offices had been instructed to account for the balance of drugs valued at K2,310,198. She stated however that poor record keeping was due to lack of qualified staff especially at the health centre level.

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

Your Committee observes that failure to account for drugs is a very serious omission and urges the Controlling Officer to take steps to address the matter. Your Committee resolves to await a progress report on the balance of drugs valued at K2,310,198.

##### **ii. *Undelivered Drugs and Medical Supplies - Mumbwa DCMO-K25,512***

The Controlling Officer submitted that the procurement and distribution of drugs and medical supplies was still under the jurisdiction of the Ministry of Health and Medical Stores Limited. The Ministry had since asked for the distribution list from Medical Stores Limited in order to ascertain what happened to the consignment.

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

Your Committee observes with concern that there is a structural problem which if not urgently addressed will continue to cause difficulties in accounting for the delivery of drugs and medical supplies. Your Committee urges the Controlling Officer to work closely with the Ministry of Health to ensure effective monitoring of the delivery of drugs and medical supplies. Your Committee urges the Government to also streamline the operations of the two Ministries in respect of the management of drugs and medicines. Your Committee resolves to await a progress report.

##### **iii. *Expired Drugs-K345,587***

The Controlling Officer submitted that the Ministry had written to all Provincial Medical Officers directing them to expedite the process of disposing of the expired drugs. To this effect, drugs worth K865,856 were destroyed leaving drugs valued at K345,587. The Controlling Officer bemoaned the high cost of paying allowances for this activity as the exercise involved several institutions such as Zambia Environmental Management Agency, Zambia Police, Zambia Medicines Regulatory Authority and Provincial Medical offices.

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

Your Committee expresses concern that such a huge amount of drugs is allowed to expire and urges the Controlling Officer to take concrete steps to reduce instances of drugs going to waste through expiry. Your Committee also urges the Controlling Officer to ensure that the expired drugs are destroyed in accordance with the law. Your Committee awaits a progress report on the matter.

h) **Weaknesses in Accounting and Management of Stores**

i. *Unaccounted for Stores-K1,224,382*

The Controlling Officer submitted that stores items costing K1,224,384 procured during the year under review had now been accounted for. The receipts and disposal details were available for audit verification. The discrepancies at the time of audit were due to poor record keeping due to inadequate qualified staff. In 2014, qualified staff were posted to most of the districts.

**Committee's Observations and Recommendations**

Your Committee observes that the anomaly was as a result of negligence of duty on the part of the officers concerned and their supervisors as inadequacy of qualified staff is not a justifiable reason for failure to account for stores. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against the officers responsible for the omission. Your Committee awaits a progress report on the matter.

ii. *Irregular Drawings of Fuel-K142,021*

The Controlling Officer submitted that the irregularities had been addressed in that fuel requisition vouchers/coupons had been raised and verified and registration numbers of motor vehicles that drew fuel had been indicated. Fuel was drawn by privately owned or unknown vehicles mainly due to inadequate transport. This situation had forced management to turn to privately owned vehicles for referral of patients. However, the use of privately owned vehicles in cases of emergencies and campaigns such as child health week should be formalised through management and stakeholders meetings. As regards fuel drawn by a non-runner vehicle, the Controlling Officer submitted that it had since been verified that the vehicle in question was a runner during the period under review. However, at the time of audit, the vehicle in question was a non-runner.

**Committee's Observations and Recommendations**

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

iii. *Questionable Use of Fuel Tax Invoices (Coupons) - Kazungula DCMO*

The Controlling Officer submitted that the original tax invoices totalling K10,516 had been traced and were available for audit.

**Committee's Observations and Recommendations**

Your Committee is of the view that the matter still remains questionable and requests the Auditor-General to subject the matter to further review. Your Committee awaits a progress report on the matter.

iv. *Failure to Remit Tax (PAYE) and NAPSA Contributions*

The Controlling Officer submitted that all districts except Mansa had since remitted the Tax (PAYE) and NAPSA contributions. The DCMO for Mansa had since been charged. The payment vouchers together with receipts and the charge letter were available for audit verification. Further, a circular had been sent to all districts requesting them to immediately remit the statutory contributions.

**Committee's Observations and Recommendations**

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

## MINISTRY OF HEALTH

### AUDIT QUERY

PARAGRAPH 44

UNITS: Various  
PROGRAMMES: Various  
ACTIVITIES : Various

#### **Accounting and Other Irregularities**

44. An examination of accounting and other records maintained at the Ministry of Health Headquarters and a physical inspection conducted on selected projects in twenty-seven districts, carried out in May and June, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Missing Payment Vouchers - K235,628.63**

The Controlling Officer submitted that all the seven missing payment vouchers amounting to K235,628.63 had been traced. The filing system had been strengthened in that all accounting documents were kept under lock and key. An officer from the registry had also been assigned to manage the documents.

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

Your Committee expresses concern at the failure by the officers to avail accounting documents to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against erring officers. Your Committee awaits a progress report on the matter.

b) **Unacquitted Payments - K157, 911.80**

The Controlling Officer submitted that all the nine unacquitted payments amounting to K157,911.80 for various allowances had been accounted for and the documents were available for verification.

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

Your Committee expresses concern at the failure by the officers to avail accounting documents to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

c) **Unaccounted for Stores - K2,741,490**

The Controlling Officer submitted that receipts and the disposal details for various stores amounting to K2,741,490, which were not availed to the auditors during the audit, were found and were available for verification. The Ministry was operating with only two stores officers instead of five as per establishment and hence the workload was too much for these two officers. The Ministry had since received two additional stores officers from PSMD who would beef up and assist in the management of stores. The Ministry would ensure that stores officers received the required supervision and training. Stock control systems would also be strengthened through the use of IFMIS.

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

Your Committee expresses concern at the failure by the officers to avail receipts and the disposal details for various stores items to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against erring officers. Your Committee awaits a progress report on the matter.

d) **Misapplication of Funds - K5,600,000**

The Controlling Officer submitted that an amount totalling K5,600,000 meant for the procurement of medical equipment that was disbursed to hospitals to mitigate the manpower crisis was subsequently authorised. The Secretary to the Treasury granted authority to carry over and vary the funds from the activity for procurement of medical equipment to other emoluments which was used to pay wages to part time nurses. At the close of 2013, nurses went on strike, which could have resulted into patients dying and immediate measures needed to be taken to remedy the crisis. One of the measures was to hire nurses using part-time slots. Funds, therefore, were needed to be transferred to these institutions to cater for payments to part time nursing officers.

**Committee's Observations and Recommendations**

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

e) **Failure to Recover Loans and Advances - K330,626**

The Controlling Officer submitted that loans issued to thirty-five officers amounting to K330,626 were being recovered through the payroll system. The main challenge was to effect recoveries for the officers who were not on the Ministry's payroll.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to effect recoveries before the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

f) **Procurement of Hospital Linen - K855,312**

The Controlling Officer submitted that linen worth K855,312 was delivered to Medical Stores by the suppliers. Auditors clarified that the amount dropped down to K568,049. The delivery and Goods Received Notes were available for verification. The linen was delivered between the periods of March, 2014 and October, 2014.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail delivery notes and Goods Received Notes (GRN) to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

g) **Undelivered Linen at District Medical Offices and Hospitals - K131, 941**

The Controlling Officer submitted that linen costing K131,941 which had not been delivered to five District Medical Offices and six hospitals, respectively, had since been distributed to the respective institutions. The delivery notes were also available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the casual approach by the officers in following up undelivered goods. Your Committee is of a view that such laxity can result in loss of Government resources and, therefore recommends that disciplinary action should be taken against the erring officers. Your Committee awaits a progress report on the matter.



## MINISTRY OF HEALTH

### AUDIT QUERY

PARAGRAPH 45

DEPARTMENT: Clinical Care and Diagnostic Services  
UNIT: University Teaching Hospital (UTH)  
PROGRAMMES: Various  
ACTIVITIES : Various

### Accounting and Other Irregularities

45. An examination of accounting and other records maintained at UTH carried out in September, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

#### a) Unvouched Expenditure

##### i. *Missing Payment Vouchers - K196,099*

- **RDCs – K94,920**

The Controlling Officer submitted that it had been established that three payment vouchers amounting to K69, 845.56 were cancelled and four others amounting to K25, 074.86 were yet to be located.

#### Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the officers to avail payment vouchers to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee further urges the Controlling Officer to ensure that all the remaining vouchers are traced and availed for audit verification. Your Committee awaits a progress report on the matter.

- **Medical Fees – K101,178.73**

The Controlling Officer submitted that ten payment vouchers amounting to K66,082.41 had been located and thirteen payment vouchers amounting to K35,096.32 were still missing and were yet to be located. He also submitted that the Ministry had reorganised the storage of payment vouchers and specific officers were assigned to manage the said payment vouchers. All the missing payment vouchers, apart from four payment vouchers under medical fees account amounting to K2,933.50, had since been traced.

#### Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the officers to avail payment vouchers to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers and that all the remaining vouchers are traced and availed to the auditors without any further delay. Your Committee awaits a progress report on the matter.

##### ii. *Inadequately Supported Payments – K789,385*

- **RDCs – K329, 062.30**

The Controlling Officer submitted that out of the twenty-two inadequately supported payments made from the RDCs accounting documents relating to nine payments amounting to K170,415.92 had been located and subsequently attached to the respective payments, leaving a balance of thirteen amounting to K158,646.40.

#### Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the officers to avail supporting documents to the auditors at the time of audit. The Controlling Officer is urged to ensure

that disciplinary action is taken against the erring officers and that all the remaining ones are traced and availed to the auditors without any further delay. Your Committee awaits a progress report on the matter.

#### **Medical Fees Account – K460, 322.52**

The Controlling Officer submitted that forty-eight payment vouchers amounting to K230,556.29 had been supported leaving a balance of sixty-seven payment vouchers amounting to K229,766.20. Efforts to locate the remaining supporting documents were being made to ensure that all payments were supported. To ensure that documents were adequately supported, a check list had been developed and documents were checked before they were filed. A dedicated officer had been assigned to be responsible for keeping these documents. The status was that all the payments had since been supported and were available for audit verification.

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

Your Committee expresses concern at the failure by the officers to avail payment vouchers to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Further, the supporting documents in respect of K229,766.20 should be found and availed for audit. Your Committee awaits a progress report on the matter.

#### **Cash Payments**

The supporting documents for cash payments amounting to K37,219 had now been located and were available for audit verification.

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

Your Committee expresses concern at the failure by the officers to avail supporting documents to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

#### *iii. Unacquitted Payments - K388,412*

#### **General Account**

The Controlling Officer submitted that out of the fifty-one payment vouchers in amounts totalling K388,412 made to fifty-one officers in respect of allowances which were not supported with acquittal sheets, twenty-nine payments amounting to K294,088.80 had been acquitted leaving a balance of twenty-two payments worth K94,323.20. The balance of K94,323.20 would be recovered from the officers.

The status was that all the acquittal documents had been found and attached to the appropriate payment vouchers and were available for audit verification. The acquittal sheets were wrongly filed separately from the payment vouchers hence the unavailability at the time of audit.

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

Your Committee expresses concern at the failure by the officers to avail acquittal sheets to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

b) **Unaccounted for Stores – K1,063,433**

The Controlling Officer submitted that all the stores items procured had since been accounted for.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail supporting documents to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

c) **Undelivered Medical Supplies – K3,750**

The Controlling Officer submitted that the undelivered surgical gloves worth K3,750 were supplied by Lateta General Import and Suppliers, but were rejected because they were defective. The supplier had since delivered the surgical gloves and documents were available for verification.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification

**MINISTRY OF HEALTH**

**AUDIT QUERY**

PARAGRAPH 46

UNIT: Various

PROGRAMMES: Various

ACTIVITIES: Various

**Accounting and Other Irregularities**

46. An examination of accounting and other records maintained at the ten Provincial Health Offices, selected hospitals, schools of nursing and physical inspections of selected projects carried out in November, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unsupported Payments - K164,966**

The Controlling Officer submitted that all the twenty-seven payments amounting to K164,966 had since been accounted for.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail supporting documents to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

b) **Failure to Undertake Activities - K187,265**

The Controlling Officer submitted that all the activities at all the stations were undertaken and supporting reports including activity reports were available for verification.

**Committee’s Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to prepare and avail activity reports and other supporting documents to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

c) **Irregular Issuance of Accounting Imprest - K262,483**

The Controlling Officer acknowledged that imprest was used to procure goods and services contrary to Financial Regulations, but informed your Committee that the practice had since been stopped. The Controlling Officer further submitted that for Nchanga School of Midwifery, the money would be recovered from the beneficiaries. For Kalene School of Nursing, the Controlling Officer clarified that the officer was transferred from Chipata to Kalene Nursing School and was paid the imprest of K7,742 to hire a vehicle from Chipata to Kalene. Although the office had some savings, the procurement procedures were not followed. A ministerial circular had been issued which reminded all institutions to follow procurement procedures when procuring goods.

**Committee's Observations and Recommendations**

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

d) **Failure to Remit Tax - K285, 342**

The Controlling Officer submitted that out of all the stations that had unremitted tax only North Western and Southern PHOs had remained with balances. He noted that for North-Western the unremitted tax amounting to K67,040 was being settled in monthly instalments of K5,000 and so far K10,000 had been paid leaving a balance of K57,040. For Southern PHO, out of a total of K195,231 unremitted Pay-As-You-Earn, an amount of K 103,000 had been paid leaving a balance of K92, 231 which would be settled from the February and March, 2015 funding.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all the outstanding amounts are settled without any further delay. Further, supporting documents should be availed to the Auditor General for verification. Your Committee resolves to await a progress report on the matter.

e) **Irregular Payment of Sitting Allowances - K31,410**

The Controlling Officer submitted that these were paid to five officers as sitting allowances for attending procurement meetings before the effective date of Cabinet Office Circular No. 11 of 2013, which abolished payment of administrative allowances to officers in the Public Service.

**Committee's Observations and Recommendations**

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

f) **Weaknesses in Management of Loans and - Advances**

i. *Failure to Recover Loans and Advances - K642,959*

**Central –PHO**

The Controlling Officer submitted that the salary and tuition advances that were given to the sixty-two officers had since been effected on the PMEC system. As of December, 2014, thirty-seven officers input were effected while the remaining twenty-five would start running in March, 2015 and payslips were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that disciplinary action is instituted on the erring officers for failure to effect the recoveries in time. Your Committee further urges the Controlling Officer to ensure that recoveries for the

remaining officers are effected without any further delay. Your Committee awaits a progress report.

**North Western – PHO - K335, 426**

The Controlling Officer submitted that Loans and Advances amounting to K335,426 issued to ninety-three officers were being recovered through the payroll.

**Committee’s Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that disciplinary action is instituted on the erring officers for failure to effect the recoveries in time. Your Committee further urges the Controlling Officer to ensure that recoveries for the remaining officers are effected without any further delay. Your Committee awaits a progress report.

**Northern – PHO-K12, 500**

The Controlling Officer submitted that so far, an amount of K2,500 had been recovered. As regards the balance of K10,000 which was outstanding, the Province had written to the Ministry Headquarters to recover the funds from the officer’s gratuity. The Province could, regrettably, did not recover the advance which was issued to the late officer who was not on payroll at the time of audit.

**Committee’s Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that disciplinary action is instituted on the erring officers for failure to effect the recoveries in time.

**Lusaka - PHOK20,000**

The Controlling Officer submitted that so far an amount of K12,000 had been recovered from four officers leaving a balance of K8,000 with one officer whose salary was locked. Once the disciplinary issues were concluded, then recoveries would be effected.

In his oral submission, the Controlling Officer submitted that the disciplinary process had been concluded and the officer had been deployed to Matero Health Post. The officer’s salary had been unlocked and recoveries would commence in April, 2015.

**Committee’s Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that disciplinary action is instituted on erring officers for failure to effect the recoveries in time. Your Committee urges him to also ensure that recoveries for the remaining officers are effected before the matter could be closed.

ii. *Irregular Payment of Salary Advances – North-Western - PHO - K2,066*

The Controlling officer submitted that the irregular payment of salary advance amounting to K2,066 was paid to ZESCO and North Western Water & Sewerage Company on behalf of an officer who vacated the institution house without settling the bills accumulated and recoveries had since been made.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification

- iii. *Under-Recovery of Tuition Loans – Western PHO - K31,500*  
The Controlling Officer submitted that fresh inputs were done to ensure that loans were fully recovered.

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

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

g) **Holding of Workshops without Authority – Southern - PHO K102, 377**

The Controlling Officer submitted that workshops were held in private facilities based on the waiver obtained by the MoH headquarters, retrospectively. This was available for verification.

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

Your Committee expresses concern at the failure by the officers to avail authority documents to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

h) **Failure to Recover Funds – North-Western PHO - K84,033**

The Controlling Officer submitted that three institutions were advanced a total of K84,033.16 in order for them to meet various operational challenges they faced at the time. The institutions had since committed to be paying in instalments towards the debt. So far, an amount of K25,000 had since been recovered leaving a balance of K59,033.16. He also added that once the full amount was recovered, funds would be varied from the Institutions paying back to PHO and supplementary provision would be requested from the Secretary to the Treasury for North-Western PHO to enable it spend the funds in 2015.

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

Your Committee urges the Controlling Officer to ensure that reimbursement of these funds is done without any further delay and retrospective authority be sought to vary funds. Your Committee awaits a progress report.

i) **Weaknesses in Management of Drugs and other Medical Supplies**

- i. *Inflating of Invoice Prices - K2,162,656*  
The Controlling Officer submitted that the invoices issued by Medical Stores Ltd to the thirteen mentioned facilities were inflated due to system challenges during the transition period for rebasing of the currency. Therefore, the figures on invoices issued to these facilities reflected unrebased amounts. However, this problem did not lead to Ministry of Health making any excess payment as reported of K668,254,678, but rather resulted in inflating the issuance figure in Medical Stores Ltd warehouse management database. This anomaly had since been corrected and Medical Stores Ltd warehouse management system database rebased the figures to correct the situation. Further, Medical Stores Ltd was not paid the invoice values of supplies delivered to the facilities, but got an operation grant which was not linked to the invoice values delivered to facilities. There was no discrepancy in the quantities of drugs distributed to the Institutions.

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

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

- ii. *Unaccounted for Drugs and Medical Supplies - K5,707,485*  
The Controlling Officer submitted that all the unaccounted for drugs and stores amounting to K5,707,485 had since been accounted for.

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

Your Committee expresses concern at the failure by the officers to avail disposal details to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

#### **Kasama General Hospital - K131,600**

The Controlling Officer submitted that disposal details amounting to K120,276.34 were verified and cleared leaving a balance of K11,324.10.

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

Your Committee expresses concern at the failure by the officers to avail disposal details to auditors at the time of audit. The Controlling Officer is urged to take disciplinary action against erring officers responsible for the anomaly. Your Committee awaits a progress report on the matter.

- iii. *Failure to Dispose Expired Drugs – Kasama General Hospital - K232,173*  
The Controlling Officer submitted that drugs costing K232, 173 had expired at Kasama General Hospital and no action had been taken by management to dispose of the drugs at the time of audit. The expired drugs had since been disposed of and a disposal certificate from Zambia Environmental Management Agency (ZEMA) was issued and was available for verification.

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

Your Committee expresses concern at the failure by the officers to dispose of the expired drugs before the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers for this lapse. Your Committee awaits a progress report on the matter.

- iv. *Purchase of Yellow Fever Vaccines – Southern PHO*  
The Controlling Officer submitted that the receipt and disposal details for the unaccounted for yellow fever vaccines amounting to K 49,500 were available for verification.

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

Your Committee expresses concern at the failure by the officers to avail disposal details to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

- **Expired Vaccines - K20, 025**

The Controlling Officer submitted that expired vaccines worth K20,025 had not been disposed of at the time of audit. The disposal of the expired drugs was done and the disposal certificate from ZEMA was available for verification.

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

Your Committee expresses concern at the failure by the officers to dispose of the expired drugs before the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers for this lapse. The Controlling Officer is also urged to find a lasting solution to avoid recurrence. Your Committee awaits a progress report on the matter.

#### **j) Weaknesses in Stores Management**

##### **i. *Unaccounted for Stores - K411,206***

The Controlling Officer submitted that the stores items amounting to K411,206 had been accounted for and the documents were available for audit verification. He also added that he had observed the weaknesses in stores management in the entire Ministry and, therefore, the plan was under way to strengthen the stores management through the creation of stores officers' positions in the establishment.

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

Your Committee observes that one of the contributing factors to the anomaly is poor supervision by the officer responsible and urges the Controlling Officer to ensure that steps are taken to address the situation. Your Committee resolves to close the matter subject to audit verification

##### **ii. *Non-maintenance of Fuel Registers – Central PHO***

###### **• *Questionable Frequency of Fuel Drawings – Central PHO - K72,337***

The Controlling Officer submitted that the stores officer was drawing cash from the filling station and the officer had since been charged for that. The system had been strengthened by using fuel registers, log books and all vehicles drawing fuel and lubricants now used authorised fuel coupons. Fuel reconciliation was done on a regular basis.

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

Your Committee expresses concern at the weak internal control systems and urges the Controlling Officer to ensure these are strengthened to avoid recurrence. Your Committee resolves to close the matter subject to audit verification.

###### **• *Fuel drawn without Authority - K289,186.83***

The Controlling Officer submitted that all coupons which were duly authorised by responsible officers were available for audit verification.

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

Your Committee expresses concern at the failure by the officers to avail authority documents to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

##### **iii. *Questionable Drawings of Fuel – Lusaka PHO - K10,911***

The Controlling Officer submitted that these vehicles, although private, belonged to Government institutions and cooperating partners. The Documents were available for



verification. The Controlling Officer revealed that out of the twenty-one transactions, eight vehicles which drew fuel amounting to K3,633.83 were privately owned and recoveries would be effected from the officers' salaries.

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

Your Committee expresses concern at the weak internal controls in the management of fuel and urges the Controlling Officer to put measures in place to correct the situation. Your Committee observes that it is tantamount to theft for privately owned vehicles to draw fuel and recommends that the Controlling Officer should, in addition to making recoveries, institute disciplinary action against those responsible. Your Committee awaits a progress report on the matter.

iv. *Questionable Drawings of Fuel-Lusaka PHO - K25,376*

The Controlling Officer regretted that two motor vehicles registration numbers ABD 9901 and AAX 619 drew fuel and lubricants costing K25,376 when they were non runners. The officer who was involved had since been retired in public interest from the civil service and the money would be recovered from his terminal benefits.

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

Your Committee expresses concern at the weak internal systems in the Ministry and urges the Controlling Officer to ensure that they are strengthened to avoid recurrence. Your Committee resolves to close the matter.

v. *Purchase of Defective Diff Axle- Transport Management – Lusaka PHO*

The Controlling Officer submitted that Exuberant General Dealers had since refunded the K18,000.

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

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

k) **Unaccounted For Revenue – Mpanshya**

i. *Unaccounted for revenue – Mpanshya - K16,130*

The Controlling Officer submitted that the unaccounted for user fees revenue amounting to K16,130 collected by Mpanshya School of Nursing was used to buy student's food stuffs. The receipts were available for audit verification. This weakness was identified and revenue was being deposited by students directly at the bank and only bank deposit slips were received by the institution.

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

Your Committee expresses concern at the failure by the officers to avail receipts to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

ii. *Failure to Undertake Activities - K16,761*

**Roan Antelope General Hospital - K7,728**

The Controlling Officer submitted that for the institutions involved, Roan Antelope General Hospital and Chilonga School of Nursing, the activities were undertaken and the receipts, acquittals and reports were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification

iii. *Irregular Payment of Wages - K390,825*

The Controlling Officer informed your Committee that the current establishment was inadequate to cater for the growing number of patients being attended to on a daily basis. The situation was as a result of the abolishment of the Central Board of Health. Not all the members of staff under the Central Board of Health were absorbed in the Ministry of Health structure. The excess members of staff were the ones who were being hired by the Hospital. The staffing level for the Hospital was that of a District Hospital.

As for Roan Antelope General Hospital, the amount of K139, 645 was paid as wages to Classified Daily Employees (CDEs) due shortage of workers at the institution. The CDEs were recruited to work at the High Cost Hospital unit since the available manpower was not adequate to be spread to this new wing. The concept of High Cost was introduced on the premise that institutions were encouraged to come up with Income Generating Activities (IGA) (cost sharing) to raise money and supplement Government resources in the deliverance of quality health care to the general public. The institution requested for an increase in the establishment through the Ministry. If the establishment was implemented as requested, there would have been no need to recruit CDEs on short term contracts. However, he stated that the Ministry was currently carrying out an exercise where the structures were being reviewed in collaboration with the Management Development Division under Cabinet Office. The revenue generated benefited both the institution and patients in that CDEs were paid to clean the hospital and assist in ferrying the patients between wards and clinics.

**Committee's Observations and Recommendations**

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

l) Infrastructure Development

i. *Misapplication of Funds – Chikankata Biomedical School of Sciences - K348,000*

The Controlling Officer submitted that the institution received European Union (EU) funding in 2013, amounting to K1,700,000 for Capital support to the Training Institution. After receipt of funds, the institution requested for authority to use part of the funds for payment towards purchase of a students' mini bus. It urgently needed the bus for student transportation during hospital placements. This authority was sought as the purchase of a minibus was not under the initial priority list for Capital Expenditure at the Institution. The institution revised the priority list in order to accommodate the bus in the same amount provided for capital expenditure.

The Controlling Officer granted authority to the institution to go ahead to purchase the mini bus at a cost of K348,000 using the disbursed EU funds for capital expenditure. The authority was granted considering that purchase of a minibus fell within Capital items.

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

Your Committee does not accept the reason given by the Controlling Officer and cautions him to desist from misapplying funds as it led to deferment of planned activities. Your Committee resolves to close the matter subject to audit verifications.

- ii. *Completion of Mukanta RHC- Kawambwa*  
The Controlling Officer submitted that this was a labour-based project dependant on the flow of materials purchased by the client, as such time period could not be defined as payments were made based on targets. At the time of audit, the scope of work was not availed for audit, but was now available for verification. However, the project had been completed.

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

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

- i. *Western Province*  
**Lewanika School of Nursing (Construction of Student's Hostel)**

The Controlling Officer submitted that the contract with Bekile Enterprises for the construction of a Lecture Theatre at Zambia Enrolled Nurses (ZEN) School was terminated due to non-performance of the contractor. The works had been re-advertised but unfortunately, all the bidders who applied were non-responsive.

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

Your Committee urges the Controlling Officer to ensure that works are completed without any further delay. Your Committee awaits a progress report on the matter.

- ii. *Southern Province*  
**Kalomo District Hospital (Phase I)**  
The Controlling Officer submitted that the current status on Kalomo Hospital was that the first phase was due for completion in March, 2015. Delays on this project were due to late issuance of payment certificates by the Ministry of Transport, Works, Supply and Communications. He added that 95% of the works for Phase I of the hospital had since been completed.

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

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

- iii. *Northern Province*  
**Mpulungu**  
The Controlling Officer submitted that part of the delay was as a result of poor performance on the part of the contractor.

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

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

- Chilubi District Hospital (Phase I)**  
The Controlling Officer submitted that the works had been completed and the facility was handed over to the Ministry in December, 2014. The works had been verified by Ministry of

Transport, Works, Supply and Communications (MOTWSC) who were the Project Managers.

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

Your Committee resolves to close the matter subject to audit verification

#### **Kasama Nurses Flats**

The Controlling Officer submitted that works were completed, handed over and commissioned by the Minister of Health on 9<sup>th</sup> September, 2014.

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

Your Committee resolves to close the matter subject to audit verification

#### **Muchinga Province**

##### **Mpika District Hospital (Phase I)**

The Controlling Officer submitted that the works for Phase I had been completed by the contractor and were awaiting final inspection by the Buildings Department.

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

Your Committee resolves to close the matter subject to audit verification

vi. *Lusaka Province*

##### **Luangwa District Hospital**

The Controlling Officer submitted that the works, which consisted of the construction of an OPD and laboratory block, male ward, mortuary block, an incinerator and four staff houses, had gone beyond the original completion date due to delayed certification of works and increased volume of excavations on the substructure due to differing levels. The Controlling Officer noted that the extension of time had been granted by the Buildings Department for the above stated reasons up to March, 2015. The Controlling Officer, however, stated that the District Hospital had been completed and was ready for commissioning.

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

Your Committee resolves to close the matter subject to audit verification

##### **Kanyama and Chelston Maternity**

The Controlling Officer submitted that Kanyama Health Centre had been completed while for Chelston Health Centre, the contractor had roofed, plastered and fitted windows and door frames.

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

Your notes the submission and resolves to await a progress report on the remaining works at Chelston Health Centre.

## **Luapula Province**

### **Milenge District Hospital (Phase II)**

The extension of time was granted by Ministry of Transport, Works, Supply and Communications. The contractor had since completed building the hospital and was currently awaiting final inspection by the Project Manager, Buildings Department.

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

Your Committee resolves to close the matter subject to audit verification

## **MINISTRY OF TRANSPORT, WORKS, SUPPLY AND COMMUNICATIONS**

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 Ministry headquarters and physical inspections of projects in selected provinces carried out in July 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Misapplication of Funds-K32,579,587**

The Controlling Officer stated that this was due to erratic and unpredictable funding during the year under review resulting in some activities not being funded in full. This resulted in the Ministry applying some amounts to activities which needed urgent implementation at that particular moment.

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

Your Committee strongly cautions the Controlling Officer to desist from misapplying funds and urges him to ensure that retrospective authority is sought for variation of the funds. Your Committee awaits a progress report on the matter.

#### **b) Inadequately Supported Payments-K521,837**

The Controlling Officer submitted that receipts, invoices and acquittal sheets amounting to K521,837 had been traced.

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

Your Committee expresses concern at the failure by the officers to avail documents to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

#### **c) Unaccounted for Stores-K301,862**

The Controlling Officer submitted that the necessary documents which were missing during the time of audit had been traced. Only documents at the Provincial Buildings Engineer's office amounting to K96,165 had not been found.

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

Your Committee expresses concern at the failure by the officers to avail documents to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against erring officers and that missing documents are traced and availed to auditors without any further delay. Your Committee awaits progress report on the matter.

d) **Failure to account for VIP and VVIP Furniture**

The Controlling Officer submitted that the master inventory for the furniture procured on credit for VIPS amounting to K5,701,427,096 was ready for verification. The Controlling Officer also stated that every house had an inventory card which was also updated and maintained when new furniture was bought, stolen or broken. The only challenge was the apportionment of K5,701,427,090 to each Minister as the furniture was bought on credit and payments were made in installments to dismantle the amount. The payments were not indicating the Minister's names or Ministries and it was thus, difficult to marry these invoices to what each Minister got. As for furniture, the Controlling Officer submitted that the Ministry now had a system where each request indicated the name and house number of the Minister to which furniture was to be delivered. The copies of invoices and delivery notes were attached to the inventory cards of each house.

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

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

e) **Failure to Supply Fire Tenders by Carmichael Limited**

The Controlling Officer submitted that all the fire tenders had since arrived and were parked at the Kenneth Kaunda International Airport.

In his oral submission, the Controlling Officer stated that instability at Civil Aviation Department and the fact that the manufacturers stopped making the fire tenders for sometime added to the delay in the delivery of fire tenders.

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

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

f) **Purchase of Property No.13433 Chalala – Lusaka**

The Controlling Officer submitted that the vendor had on several occasions been reminded to submit architectural and structural drawings but had failed to do so. On 1<sup>st</sup> October, 2014, the vendor was officially notified to submit the architectural and structural drawings but had not submitted to date. The Controlling Officer was left with no option but to write to the Ministry of Justice seeking an opinion on the matter.

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

Your Committee urges the Controlling Officer to ensure the process is expedited. Your Committee resolves to await a progress report on the matter.

g) **Failure to Pass Title to Government**

The Controlling Officer submitted that AMC Legal Practitioners who represented the vendor had advised the Ministry that they were currently attending to the change of title for the property with the Ministry of Lands.

**Committee's Observations and Recommendations**

Your Committee awaits a progress report on the matter.

**MINISTRY OF TRANSPORT, WORKS, SUPPLY AND COMMUNICATIONS**

**AUDIT QUERY**

PARAGRAPH 48

PROGRAMMES: Grants to Institutions - Operational

ACTIVITIES: Hostels Board of Management

**Accounting and Other Irregularities**

48. An examination of accounting and other records maintained at Headquarters and selected lodges in Solwezi, Kitwe, Ndola, Chipata, Livingstone and Mongu carried out in May, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to Maintain an Asset Register**

The Controlling Officer submitted that at the time of audit, Hostels Board of Management had not yet updated the asset register for the various assets procured during the period under review. Management had since directed all its lodges including the Government Complex to maintain and update registers for all its assets. Registers were available for verifications.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to update and maintain the asset registers. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

b) **Missing Payment Vouchers - K524,434**

The Controlling Officer submitted that all the payment vouchers that were reported missing at the time of audit had been traced.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail payment vouchers to auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

c) **Unaccounted for Stores - K227,196**

The Controlling Officer submitted that disposal details that were unaccounted for at the time of the audit had since been gathered.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail disposal details to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

d) **Rehabilitation of Rooms at Lothian House – Kitwe**

The Controlling Officer submitted that all rooms were in use as the contractor went back to rectify all the defects that were observed at the time of audit.

**Committee’s Observations and Recommendations**

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

**MINISTRY OF YOUTH AND SPORT**

**AUDIT QUERY**

PARAGRAPH 49

UNITS: Various  
PROGRAMMES: Various  
ACTIVITIES: Various

**Accounting and Other Irregularities**

49. An examination of accounting and other related records maintained at the Ministry’s Headquarters and a physical inspection of selected projects carried out in October, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

**Failure to recover Loans – Youth Development Fund (YDF)**

The Controlling Officer submitted that failure to recover loans could be attributed to poor credit culture among the youth. Most of the youths that had benefited from the fund had the perception that the loans from Government were free and had the laxity to pay back. The other challenge was accessibility to repayment centers. The repayment centers were too far from the beneficiaries.

However, she informed your Committee that the Ministry had taken the following measures:

- i. the Ministry had entered into partnership with Finance Bank to allow beneficiaries pay back through the banking system and this had been enhanced by the signing of another MoU with the Zambia Postal Services (ZAMPOST) to ensure that all the beneficiaries had easy access to loan recovery pay- points as post offices were in every District near communities;
- ii. arising from this, the Ministry and ZAMPOST were currently working on making the repayment process effective. The following measures had therefore been agreed upon;
- iii. a system that would capture repayments so that both the Ministry and ZAMPOST could have real time information on the repayments;
- iv. to brand all the Post Offices with YDF recovery information and ensure maximum publicity of this development;
- iv. the Ministry had written to all Provincial Youth Officers instructing them to monitor the loan repayments through obtaining documentary evidence such as deposit slips and Bank statements obtained from the beneficiaries; this would be done on a monthly basis and reports submitted to the Ministry Headquarters;
- v. the Ministry had also written to District Commissioners requesting the Monitoring and Evaluation Sub-Committees under the District Development Coordinating Committees (DDCC) to monitor YDF projects and track loan repayments; and
- vi. the Ministry of Youth and Sport was working with Ministry of Justice in recovery of loans from defaulters who had provided guidance to the Ministry to issue notices of seizures to all defaulters after contacting the Guarantors; to this effect, all Provincial Youth Coordinators through their respective Provincial Permanent Secretaries had been instructed to ensure that the Notices of Seizure were served to all defaulters after contacting Guarantors of the loans respectively.



## Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the Ministry of Sport and Youth to recover the loans as planned. Your Committee observes that this has been as a result of failure by the Ministry to put in place adequate measures for the recovery of the loans before they are actually disbursed. Your Committee urges the Government to explore other methods of administering the funds as the Ministry has failed in this regard. Your Committee resolves to await a progress report on the recovery of the funds.

### MINISTRY OF DEFENCE – ZAMBIA ARMY

#### AUDIT QUERY

PARAGRAPH 50

UNITS:	Administration Branch
	Operations and Training Branch
	Logistics Branch
PROGRAMMES:	Various
ACTIVITIES:	Various

#### Accounting and Other Irregularities

50. An examination of accounting and other records maintained at the Zambia Army Headquarters and physical inspections of selected projects carried out in May, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

#### a) Construction of Banquet Hall – Lack of Budget and Completion Certificate

##### i. *Lack of Budget Provision*

The Controlling Officer submitted that the need to construct a banquet hall was identified as far back as the year 2000, due to huge sums of money which were being spent for hire of tents during annual balls. As a cost saving measure and in order to create an institutional capacity to generate funds and supplement Government funding, the construction of the banquet hall was prioritised and commenced in 2012. Since there was no budget line for this activity, Zambia Army allocated K2,000,000 from the United Nations Dollar Account. A statement of account for Construction Vote into which funds were transferred on 20<sup>th</sup> June, 2012, for ease of reference was available for audit verification. In order to make the structure usable after the UN funds were exhausted, an additional K1,270,686.80 and not K2,249,599 as indicated in the Auditor-General's status report was used from Recurrent Departmental Charges (RDCs) from Zambia Army 2013 Budget provision. The additional RDCs funds were drawn from Infrastructure Development and Logistics Co-ordination Votes under Zambia Army 2013 Budget.

#### Committee's Observations and Recommendations

Your Committee expresses concern at the failure by the Controlling Officer to ensure that there is a budgetary provision for the construction of the banquet hall to run smoothly. Further, he is urged to ensure that documentary evidence was availed to auditors for further scrutiny of the matter. Your Committee awaits a progress report.

##### ii. *Lack of Completion Certificate*

The Controlling Officer submitted that the construction of the main structure of the banquet hall at Arakan Barracks Officers' Mess was completed in December, 2013. This excluded some minor external works which were still outstanding such as the two conference rooms and the main bar. The completed hall was used for one year from the date of completion under defects liability to enable Zambia Army Engineers and the Ministry of Transport, Works, Supply and Communication (MTWSC) as supervisors to detect and make good of any faults, that may have arisen before final inspection and subsequent issuance of the

completion certificate by the Ministry of Transport, Works, Supply and Communications. At the time of the expiry date of the defects liability period on 29<sup>th</sup> December, 2014, Zambia Army wrote to the Ministry of Transport, Works, Supply and Communications, Building Department to inspect the Banquet Hall with a view to issuing the completion certificate. A follow up letter was written to MTWSC on 17<sup>th</sup> February, 2015, of which the response was still being awaited.

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

Your Committee expresses concern at the failure by the Controlling Officer to work with her counterpart to expedite the issuance of the certificate of completion. The Controlling Officer is directed to ensure that the certificates are issued without any further delay. Your Committee resolves awaits a progress report on the matter.

#### **b) Construction of Water Reticulation at Mushili**

##### *i. Failure to Follow Procurement Procedures*

The Controlling Officer submitted that the contractor was initially contracted to build housing units in 2001 without inclusion of water reticulation works. The omission, therefore, occurred by re-engaging the same contractor to provide water reticulation without a formal variation of initial contract. The omission was based on the assumption that this was the same contractor who was awarded the contract and whose contract was never terminated.

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

Your Committee finds the explanation unacceptable and urges the Controlling Officer to institute disciplinary action against the officers who flouted procurement procedures. Your Committee awaits a progress report on the matter.

##### *ii. Failure to Obtain Stage Completion Certificate*

The Controlling Officer submitted that the contractor took up site possession in 2001, based on the initial contract for construction of thirty prefabricated houses and had never abandoned the site. Your Committee was further informed that the project works were being supervised by the Engineering Unit within the Zambia Army. Due to passage of time from project inception in 2001, it had proved difficult to locate the stage completion certificates that may have been issued by the supervising Engineers.

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

Your Committee does not accept the reason given by the Controlling Officer and urges her to institute disciplinary action against the erring officers. Your Committee also urges the Controlling Officer to avail the completion certificates for audit verification without further delay. Your Committee awaits a progress report on the matter.

##### *iii. Irregular Variation of Works*

The Controlling Officer submitted that there was no formal variation of the initial contract made. This was an omission on the part of Zambia Army and it was regrettable. However, Zambia Army would endeavor to comply in future contracts and had been directed accordingly.

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

Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers responsible for the omission. Your Committee awaits a progress report on the matter.

### **MINISTRY OF DEFENCE – ZAMBIA AIR FORCE (ZAF)**

#### **AUDIT QUERY**

PARAGRAPH 51

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

#### **Accounting and Other Irregularities**

51. An examination of accounting and other records maintained at the Ministry of Defence headquarters, ZAF and physical inspections of selected projects in Livingstone, Mumbwa, Kabwe, Mbala, Ndola and Chamba Valley carried out from August to September, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to Recover Salary Advances-K420,000**

The Controlling Officer acknowledged the failure to recover salary advances and submitted that the rest of the advances had been recovered leaving a balance of K51,087.57 which was still being recovered through payroll.

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

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

b) **Unaccounted for Stores-K11,096,168**

The Controlling Officer submitted that the stores records were now available for verification at the Central Equipment Depot (CED) and at various affected Stations/Units.

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

Your Committee notes the submission, but urges the Controlling Officer to institute disciplinary action against the officers who failed to keep the stores documents in safe custody. Your Committee awaits a progress report on the matter.

c) **Plot No. 5863, off Airport Road, Itawa – Ndola**

The Controlling Officer submitted that the issue of title deed transfer was being pursued by the Zambia Air Force Legal Department with the Ministry of Lands. So far, a caveat had been issued in favour of ZAF pending issuance of the title deed. The Controlling Officer added that the caveat had been lifted and a title deed was being awaited.

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

Your Committee awaits a progress report on the matter.

UNITS:	Human Resource and Administration
	Production
	Logistics
	Projects
PROGRAMMES:	Various
ACTIVITIES:	Various

**Accounting and Other Irregularities**

52. An examination of accounting and other records maintained at ZNS Headquarters and selected units and a physical inspection of projects carried out in August and September, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Payments of Rental in Excess of Entitlement-K67,454**

The Controlling Officer submitted that the amounts paid were rental arrears owed to landlords and not monthly rental charges. The scrutiny of the records at ZNS Headquarters showed that the affected personnel were within the rental threshold in accordance with ZNS Accommodation Guidelines of 2009. Therefore, no recoveries could be instituted from the mentioned personnel as recommended by the Auditor General.

**Committee’s Observations and Recommendations**

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

b) **Rehabilitation of Buildings in Units**

i. *ZNS Mangango*

• **Construction of Officers Mess – Allocation-K50,000**

The Controlling Officer submitted that a technical team was sent to inspect the building and ascertained that the building had no slab. As recommended by the technical team, the Commanding Officer was surcharged and recoveries effected from his salary. The technical team also ascertained that the building was of poor standard and the Commanding Officer was surcharged and recoveries effected from his salary. The Controlling Officer added that the bill of quantity was availed, verified and the matter was recommended for closure. The Construction team was not on site because the Unit had exhausted funds for the project and manpower was redeployed to other needy areas which required their services. The project was ongoing.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that projects are allocated enough funds to complete the works. Your Committee also urges the Controlling Officer to ensure proper supervision of the project. Your Committee awaits a progress report on the matter.

• **Construction of Warrant Officers and Sergeants Mess - K50,000**

The Controlling Officer submitted that at the time of the audit, the Unit had only constructed the box based on the amount of funds released. ZNS had set aside K6,500,000 for Infrastructure Development in the 2015 Budget to cater for all on-going projects. The construction team was not on site at the time of the audit because the Unit had exhausted the funds which were released. Further, the bill of quantity was availed, verified and the matter was recommended for closure.

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

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

- **Renovation of Housing Units – K50,000**

The Controlling Officer submitted that the bills of quantities were availed, verified and the matter was recommended for closure as per status Report OAG/101/20/07 dated 17<sup>th</sup> December, 2014.

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

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

ii. *ZNS Chiwoko*

- **Renovation of Houses – Allocation K60,000**

The Controlling Officer submitted that the funds were withdrawn from the Unit's Savings Account which had no cheque book, prompting the Unit to withdraw cash to purchase materials. The Unit had since been instructed to ensure that Bank Cheques were used to pay directly to the Suppliers after following all the Tender Procedures. The Controlling Officer also submitted that the Unit was authorised to use part of the funds for renovation of houses to finish the construction of semi-detached houses as per Command's directives after the Unit Housing Committee made the recommendation to complete the semi-detached houses. The Unit had seven qualified technical personnel who supervised all the projects and they certified them accordingly. The bill of quantity was availed, verified and the matter was recommended for closure.

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

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

- **Renovation of Officers Mess - Allocation – K30,000**

The Controlling Officer submitted that the bill of quantity was availed, verified and the matter was recommended for closure.

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

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

- **Renovation of Warrant Officers and Sergeants Mess - Allocation – K30,000**

The Controlling Officer submitted that the bill of quantities was availed, verified and the matter was recommended for closure.

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

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

- **Renovation of Corporals' Mess – allocation – K30,000**

The Controlling Officer submitted that the project had since been completed and awaited verification by the Office of the Auditor-General.

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

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

iii. *Choma ZNS*

The Controlling Officer submitted that the renovation of housing units which were in progress had since been completed and commissioned. The renovation of housing units and the Officers' Mess was completed and commissioned on 31<sup>st</sup> December, 2014 and ZNS was awaiting a physical verification by the office of the Auditor General. The renovations of Warrant Officers and Sergeants Mess was completed and ZNS was awaiting a physical verification by the office of the Auditor General. The Unit was granted authority to use the money meant for the rehabilitation of the Officers' Mess to do some works at the stadium. The conveyance of authority was availed, verified and the query was recommended for closure.

**Committee's Observations and Recommendations**

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

**MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND EARLY EDUCATION**  
AUDIT QUERY PARAGRAPH 53

PROGRAMMES Various  
ACTIVITIES Various

**Accounting and Other Irregularities**

53. An examination of accounting and other records maintained at the Ministry Headquarters and selected Districts Educational Offices and a physical inspection of selected projects carried out in April, 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unvouched Expenditure-K60,517**

The Controlling Officer submitted that all the payments in amounts totalling K60,517 had been supported with relevant documents.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail payment vouchers to the auditors at the time of audit. The Controlling Officer is urged to take disciplinary action against the erring officers. Your Committee resolves to await a progress report on the matter.

b) **Irregular Payments-K361,091**

The Controlling Officer submitted that a total amount of K300,000 had been paid back and the Ministry had since stopped such payments in line with the Cabinet Circular No. 11 of 2013. The supporting documents were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling officer to ensure that internal controls are strengthened to avoid recurrence. Your Committee further urges the Controlling Officer to ensure that the remaining balance is recovered without any further delay and that the erring officers are strongly cautioned. Your Committee awaits a progress report on the matter.

c) **Unaccounted for Stores-K21,049**

The Controlling Officer submitted that all the stores items costing K21,049 had been updated with receipt and disposal details.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail receipt and disposal details to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

d) **Failure to Claim Insurance – Mitsubishi Pajero (GRZ 887 CE)**

The Controlling Officer submitted that the Ministry could not claimed insurance for the vehicle at the time the accident happened because the Ministry still had a balance of K77,070 to pay the Insurance Company on the premiums. The current position was that the Ministry had since paid the debt to the Insurance Company and the Mitsubishi Pajero GRZ 887CE had since been repaired.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that premiums for all Government vehicles under his jurisdiction are paid in time to avoid recurrence and possible loss of Government resources. Your Committee resolves to close the matter subject to audit verification.

e) **Failure to Recover Salary Advances and Weaknesses in the Management of Advances-K51,600**

The Controlling Officer submitted that the Ministry had put in place measures such as carrying out monthly bank reconciliations and compliance checks to ensure that loans and salary advances register were regularly updated. The Controlling Officer further submitted that recoveries for the eighteen officers amounting to K51,600 had been effected and records were available for audit verification.

**Committee's Observations and Recommendations**

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

f) **Bursaries Abroad**

i. *Unacquitted Payments-K19,049,952*

In his verbal submission, the Controlling Officer added that traceability when the students were no longer eligible to receive bursaries was easy as the other stakeholders like the embassies would be there to assist in monitoring the disbursements.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that remittance advice reports which were now used for retirement are availed to the auditors each time they are needed during audits. Your Committee resolves to close the matter subject to audit verification.

ii. *Failure to Recover Students Loans*

The Controlling Officer submitted that the Ministry was in the process of migrating from the old system which had no properly defined modalities of loan recoveries to a new one which would ensure that monies paid out to various students was adequately tracked and fully

recovered. Structures and the loan recovery system would be developed when the Loans Board was put in place.

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

Your Committee expresses concern that the Ministry does not have mechanisms for administering loans which is unacceptable. Your Committee, therefore, strongly urges the Controlling Officer to ensure that a well defined system is put in place without further delay. Your Committee resolves to await a progress report on the matter.

*iii. Bursaries for Trades Training Institutions-K2,911,521*

The Controlling Officer submitted that the Ministry was in the process of seeking Treasury Authority to vary K2,911,521 from infrastructure to Equity (OVC) and once done the funds would be disbursed to the affected trade training institutions.

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

Your Committee urges the Controlling Officer to desist from diverting funds to other activities unrelated to the ones it was intended for. Your Committee urges him to ensure that funds are reimbursed and sent to institutions which suffered this delay. Your Committee awaits a progress report.

g) **Misapplication of Funds – Education Materials and Equipment-K1,750,477**

The Controlling Officer submitted that the Ministry was in the process of seeking Treasury Authority to vary funds from Administration headquarters to Curriculum and Education Materials so that the misapplied funds were recouped and channeled to the procurement of education materials. The comprehensive report would be available at the time of audit verification.

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

The Controlling Officer is strongly cautioned to desist from misapplying funds to other activities unrelated to the ones they are intended for. Your Committee urges him to ensure that funds are reimbursed and used on activities which suffered this delay. Your Committee awaits a progress report.

h) **Infrastructure Development – Abandoned Projects-K24,622,497**

The Controlling Officer submitted that the Ministry persuaded the contractor to proceed with the works despite the delayed payments and works had resumed. The Controlling Officer provided progress on each one of the schools as set out below.

**Mailo Boarding Secondary School:** All the buildings were roofed except for the dining/kitchen and assembly hall.

**Mkushi South Secondary School:** the contractor had drilled four boreholes, and all the buildings were at excavation level.

**Mumbwa Day Secondary School:** The classroom blocks had reached gable level awaiting roofing and the other buildings were at ring beam levels in the learning areas.

Two houses were at gable level, six houses were at 6<sup>th</sup> course while the remaining was at 4<sup>th</sup> course of superstructure block work. As at February, 2015, the contractor had started roofing the buildings. All the buildings were at gable level except for the assembly hall which was at hardcore compaction.



On the issue of the contractor abandoning the construction of Mailo Boarding School in Serenje on one hand and being awarded another contract to construct Mkushi South Boarding High School at a contract sum of K44,030,740, the Controlling Officer clarified that the contractor never abandoned the sites of the projects, but works were just stalled due to non-payment of works already certified. As such, the contractor had to withdraw workers from sites until such a time that outstanding certificates were paid to facilitate working capital that should enable them continue the project.

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

Your Committee urges the Controlling Officer to report the matter to law enforcement agencies as the contractor is not in the construction industry and circumstances are not clear as to how he could have been awarded a construction contract. Your Committee resolves to await a progress report on the matter.

i) **Failure to Deliver Desks – Serenje District-K222,707**

The Controlling Officer submitted that all the 696 desks costing K222,707 had now been delivered. The acknowledgement letters from the District Education Board Secretary, delivery notes and Goods Received Notes were now available for audit verification.

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

Your Committee notes the submission and resolves to close the matter subject to audit verification. Your Committee, however, urges the Controlling Officer to take measures to avoid delays in future procurement of desks.

j) **Failure to Deliver Mattresses-K756,000**

The Controlling Officer submitted that this was because the named schools were discovered to have been day high schools and, therefore, the allocation was erroneous and Management decided that the mattresses be delivered to a Government Warehouse for re-distribution to other needy boarding high schools. This had since been done and re-distributed. Details of the new beneficiary schools were available for audit verification.

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

Your Committee expresses concern at this lapse and urges the Controlling Officer to take disciplinary action for the officer responsible for the anomaly. Your Committee awaits a progress report on the matter.

### **MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND EARLY EDUCATION**

#### **AUDIT QUERY**

PARAGRAPH 54

Programmes: Various

Activities: Various

#### **Accounting and Other Irregularities**

54. An examination of accounting and other records maintained at the Provincial Education Offices (PEOs), District Education Board (DEBs) and selected schools carried out during the period from February to April, 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Missing Payment Vouchers-K1,546,305**

The Controlling Officer submitted that all 158 payment vouchers in amounts totalling K1,546,305 had since been traced.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to institute disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

b) **Unsupported Payments-K2,827,702**

The Controlling Officer submitted that payments in amounts totalling K2,663,422 involving 543 transactions had since been supported with relevant documents leaving a balance of K164,280 involving thirty transactions unsupported. All the supported payments were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to ensure that disciplinary action is instituted against the erring officers. Your Committee also urges the Controlling Officer to avail the traced documents for verification and find those still missing.

c) **Irregular Payment of Subsistence and Meal Allowances - K1,688,083**

The Controlling Officer stated that all recoveries in amounts totalling K1,688, 083 would be effected effective April, 2015/March 2015 and inputs were available for audit verification.

**Committee's Observations and Recommendations**

The Controlling Officer is urged to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

d) **Unretired Accountable Imprest - K1, 877, 138**

The Controlling Officer submitted that accountable imprest in amounts totalling K1, 811, 566 issued to 208 officers had been retired leaving a balance of K65, 572. Deductions would be effected from the salaries of all the officers who had failed to retire their imprests.

**Committee's Observations and Recommendations**

Your Committee finds it unacceptable that the Controlling Officer had not effected recoveries from the officers concerned after such a long time. Your Committee urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the remaining retirement documents.

e) **Subsequent Issuance of Accountable Imprest - K114,512**

The Controlling Officer submitted that all the accountable imprest in amounts totalling K114,512 issued to seventeen officers who had not retired the previous imprests had now been retired.

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

Your Committee urges the Controlling Officer to take disciplinary action against the officers who issued the imprest contrary to Financial Regulations. Your Committee awaits a progress report on the matter.

f) **Failure to Provide Reports - K517,560**

The Controlling Officer submitted that imprest in amounts totalling K495,060 issued to forty officers now had monitoring/activity reports leaving a balance of K22,500 without monitoring/activity reports and were available for audit verification.

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

Your Committee urges the Controlling Officer to effect recoveries from the officers who have failed to provide the activity reports. Your Committee awaits a progress report on the matter.

g) **Unaccounted for Stores-K1,931,579 (General Stores K1,570,188 and Fuel K361,391)**

The Controlling Officer submitted that general stores and fuel costing K1,536,938 and K361,391, respectively, involving 427 transactions had receipt since been accounted for leaving a balance of K33,250. The Ministry had since deducted for Lukanshya Trades and Choma DEBS which made up the balance to account for their general stores balance.

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

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

h) **Fuel Drawn by Unknown Vehicles-K16,867**

The Controlling Officer submitted that the fuel register, coupons and vehicle registrations numbers. were available verification for the case of Chipata DEB, while Chibombo and Siavonga DEBs had been written to, to furnish his office with updated details on the fuel returns and registers for 2013.

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

Your Committee urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the remaining details on fuel returns and registers for Chipata DEBS.

i) **Misapplication of Funds-K1,682,699**

The Controlling Officer submitted that the Provincial Education Officers and District Education Officers involved had been written to, to reimburse the funds that were misapplied and apply it for the intended purposes failure to which disciplinary action would be taken against them.

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

Your Committee strongly cautions the Controlling Officer to desist from misapplying funds and urges him to ensure that funds are reimbursed without any further delay. Your Committee awaits a progress report.

j) **Failure to Deduct Tax- K248,328**

The Controlling Officer submitted that this was due to lack of knowledge by the Provincial Education Officer and the Headteacher regarding the deduction of tax from taxable incomes. Further, he had directed them to effect recoveries from the twenty-three officers and remit the outstanding taxes to the Zambia Revenue Authority.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that all relevant officers are sensitised on the requirement of the law on this matter. Your Committee awaits a progress report on the matter.

k) **Failure to Remit Tax-K702,202**

The Controlling Officer submitted that he had since written to the Provincial Education Officers, District Education Officers and head teachers involved, to inform them that the Ministry would deduct these funds at source when paying them their grants and pay it to Zambia Revenue Authority. They had also been cautioned to ensure that they remit taxes to Zambia Revenue Authority on time.

**Committee's Observations and Recommendations**

Your Committee notes the submission and urges the Controlling Officer to ensure that taxes are remitted as soon as they are deducted from the affected provincial and district offices. Your Committee resolves to close the matter subject to audit verification.

l) **Unaccounted for Funds**

The Controlling Officer submitted that he had since directed the Provincial Education Officers to ensure that the head teachers of the affected schools account for the funds failure to which disciplinary action would be taken against them. Your Committee would be informed of the progress made once the funds were accounted for.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to take disciplinary action against the erring officers as it has taken too long for them to account for funds which is against Financial Regulations. Your Committee awaits a progress report on the matter.

m) **Irregularities in Management of Loans and Salary Advances**

i. *Failure to Effect Deductions - Revolving Fund Account K424,940*

The Controlling Officer submitted that out of the total amount of K250,800 paid as salary advances, amounts totalling K23,850 had been recovered in full leaving a balance of K226,950 still being recovered. He also informed your Committee that the recoveries of all the loans and salary advances had since been effected from the salaries of all the affected officers. Pay slips for the recovery of loans and salary advances were available for audit verification.

**Committee's Observations and Recommendations**

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

- ii. *Failure to Recover Advances against APU/ODL Allowances-K29,650*  
The Controlling Officer submitted that he had written to the Headteacher to institute deductions from the salaries from all the affected teachers. Furthermore, he had also cautioned them to ensure that recoveries were effected each time advances were made.

**Committee's Observations and Recommendations**

Your Committee awaits a progress report on the matter.

- n) **Irregular Payment of Teachers Subsidies and Incentives - K282,765**

The Controlling Officer submitted that he had instructed the Provincial Education Officers to effect recoveries from all the teachers that were irregularly paid the subsidies and incentives.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

- o) **Misapplication of UNWTO Funds – Livingstone Provincial Education Office-K119,747**

The Controlling Officer submitted that he had instructed the Provincial Education Officer to reimburse the funds and carry out the outstanding rehabilitation works on the ablution block at Holy Cross Primary School for which the funds were intended.

**Committee's Observations and Recommendations**

The Controlling Officer is strongly cautioned to desist from misapplying funds and is further directed to ensure that the funds are reimbursed and used for the intended purposes. Your Committee awaits a progress report on the matter.

- q) **Failure to Procure a Scania F95 HB 65 Seater Bus – Mongu PEO**

The Controlling Officer submitted that the Provincial Education Office had been directed to ensure that all the misapplied funds were paid back to the account and monthly reports on recoveries submitted to Ministry Headquarters. The recoveries would start immediately funding for lower levels started. The Provincial Education Office had been instructed to normalise the account by way of completing Accounts Form 49 and submit it for approval.

**Committee's Observations and Recommendations**

The Controlling Officer is directed to ensure that funds are recovered at source and reimbursed so that the intended activity can take place. Your Committee further urges the Controlling Officer to ensure that the PEO is cautioned against misapplication of funds. Your Committee awaits a progress report.

- r) **Irregular Procurement of a Hino Minibus – Tea Estate Secondary School - Kawambwa**

The Controlling Officer submitted that he had reprimanded the Headteacher and directed him to cancel the whole process of procuring the Hino Minibus as the procurement was not subjected to procurement procedures. Furthermore, the Headteacher had been directed to ensure that all the money that was paid to the supplier was paid back immediately.

In his oral submission, the Headteacher admitted that the transaction was wrong, but said this was done because the community was threatening the lives of the officers including himself hence the decision to use one of his former customers to supply the Hino Truck.

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

Your Committee urges the Controlling Officer to immediately report the matter to investigative wings for further investigations. Your Committee awaits a progress report on the matter.

s) **Kafue Day Secondary School**

i. *Missing Receipt Book – PTA Account-Kafue Day Secondary School*

The Controlling Officer submitted that the Headteacher had been reprimanded and directed to report the matter to the Police.

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

Your Committee awaits a progress report on the outcome of police investigations.

ii. *Irregular Payment of Sitting Allowances - Kafue Day Secondary School - K6,700*

The Controlling Officer submitted that the officers had been directed to refund the money which was irregularly paid to them as sitting allowances failure to which deductions would be instituted from their salaries.

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

Your Committee urges the Controlling Officer to institute disciplinary action against the erring officers and ensure that recoveries are made without any further delay. Your Committee awaits a progress report on the matter.

t) **Misappropriation of Funds – Luangwa Secondary School - K2,000**

The Controlling Officer submitted that he had reprimanded the Accountant and directed the Headteacher to ensure that he paid back the money immediately failure to which the matter should be reported to the Police.

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

Your Committee directs the Controlling Officer to ensure that the matter is reported to the police without any further delay as the act is tantamount to theft by public servant. Your Committee resolves to await a progress report on the matter.

u) **Infrastructure**

The Controlling Officer submitted as follows concerning all the construction projects.

#### **Northern Province Mpulungu District**

i. *Construction of One Staff House with an Outdoor Kitchen at Chinyungulu Primary School*

The Controlling Officer submitted that the staff house was completed while the outdoor kitchen was at roof level and concrete foot link to the house was cast with the following works outstanding; roofing, plastering, flooring, drainage construction, painting and fitting of the fascia board.

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

Your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

- ii. *Construction of One Staff House at Lupongwe Primary School*  
The Controlling Officer submitted that plastering of the staff house and metal works was completed. The drainage construction, flooring, painting and glazing, and fitting doors and shelving were the only outstanding works.

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

Your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

- iii. *Construction of One Staff House, Outdoor Kitchen & One Single VIP Toilet at Kawikisha Primary School*  
The Controlling Officer submitted that the staff house was completed. Painting, flooring and glazing were the only outstanding works. As regards to the construction of the outdoor kitchen and VIP toilet, the foundations had been dug, footing concrete casted with the rest of the works still outstanding.

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

Your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

### **Luwingu District**

- i. *Construction of 1x3 CRB, One Staff House, Two Double (VIP) Toilets and One Single VIP Toilet at Mwingilia Primary School*  
The Controlling Officer submitted that the 1x3 CRB was at ring beam level and the metal work had been done. Roofing, plastering, flooring, painting and glazing were the only outstanding while the VIP toilets had been completed. Construction of the house was completed and the house and it was now occupied. The construction of the outdoor kitchen was also completed and the kitchen was now in use.

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

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

- ii. *Construction of 1x3 CRB, One Staff House, Two Double (VIP) Toilets and One Single VIP Toilet at Kuuta Primary School*  
The Controlling Officer submitted that the 1x3 CRB had been roofed, plastered and flooring done. Panting and glazing were outstanding works while the staff house had been roofed, plastered, floored and painted with glazing still outstanding. As regards the construction of the outdoor kitchen, the super structure construction was in progress with the following works still outstanding; roofing, plastering and painting. The two double VIP latrines had been plastered with glazing as the only outstanding works.

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

Your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

- iii. *Construction of 1x3 CRB, One Staff House, Two Double (VIP) Toilets and One Single VIP Toilet at Chanika Primary School*

The Controlling Officer submitted that the 1x3 CRB, the outdoor kitchen, the two double VIP latrines and a staff house had all been completed and were now in use.

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

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

- iv. *Construction of One Staff House, Two Double (VIP) Toilets and One Single VIP Toilet at Fisonge Primary School*

The Controlling Officer submitted that plastering, rough casting and flooring of the house was completed while doors and locks had also been fitted and glazing was completed. Only painting was yet to be done. One double latrine was completed. The other double VIP had been roofed, plastered and drainage constructed.

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

Your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

- v. *Construction of One Staff House, Two Double (VIP) Toilets and One Single VIP Toilet at Masonde Primary School*

The Controlling Officer submitted that the staff house, single VIP latrine and the outdoor kitchen had all been completed.

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

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

## **Western Province**

### **Kalabo District**

- i. *Mbunde Primary School - Construction of a Staff House and a Single VIP Latrine*

The Controlling Officer submitted that the staff house was still at slab level while the rest of the works including a single VIP latrine had not commenced.

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

Your Committee directs the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

- ii. *Kalabo Resource Center - Construction of 3 Double VIP Latrines*

The Controlling Officer submitted that the VIP latrines had been roofed with the following works still outstanding; painting, flooring and fitting of grill gates.



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

Your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

- iii. *Maoma Primary School-Construction of a Staff House and a Single VIP Latrine*  
The Controlling Officer submitted that plastering and flooring was done with glazing and metal works only left outstanding.

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

Your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

## **Muchinga**

### **Chama District**

- i. *Construction of a Medium Cost Staff House, 1 Double and 1 Single VIP Toilet at Katozi Basic School*

The Controlling Officer submitted that the cracks that developed on the floor of the sitting room, bedrooms and passage had been worked on while the obscure glasses had been fitted on top of the doors and the window handles and peg stays to one bedroom, toilet and sitting room had also been fitted.

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

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

- ii. *Construction of a Medium Cost Staff House at Wulongo Basic School*  
The Controlling Officer submitted that the fitting of six (6) doors, fitting of all the four window handles and fitting of shelves in the pantry had all been done.

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

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

## **Luapula Province**

### **Mwense District**

- i. *Construction of a 1 x 3 Classroom Block at Kasengu Primary School*

The Controlling Officer submitted that the classroom block had been roofed with the following works still outstanding; fitting of doors and drill doors roofing and beam filling/plastering and flooring and drainage construction, and painting and glazing (fitting of glass panes).

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

Your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

iii. *Construction of 2 Staff Houses and a VIP Toilet - Kaikumbe Primary School, Chipata*

- **Misappropriation of Project Funds - K42, 500**

The Controlling Officer submitted that out of the K42,500 that was misappropriated, K10,046 had since been recovered from the officer by way of paying back K4,000 cash and K6,046 as deductions from his salary leaving a balance of K32,454 which was being recovered from the salary of the Headteacher. Payslips were available for verification by the auditors. In addition, the Headteacher had been charged and suspended from work to pave way for investigations.

**Committee's Observations and Recommendations**

Your Committee awaits a progress report on the matter.

- **Project Status**

The Controlling Officer submitted that from the recoveries of K8,046 received so far, the contractor had gone back on site and works had started and currently the two staff houses had been roofed, plastered, floored and painting was in progress. The progress report was available for audit verification.

The Controlling Officer further submitted that the degree of caking of cement did not amount to writing it off from use. The pockets just caked due to the moisture it was exposed to whilst in the store room. The cement had since been put to use.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the project is completed without any further delay. Your Committee awaits a progress report on the matter.

**MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND EARLY EDUCATION**  
AUDIT QUERY PARAGRAPH 55  
PROGRAMMES National Implementation Framework (NIF) III  
ACTIVITIES Various

**Accounting and Other Irregularities**

55. An examination and other records maintained at the Ministry Headquarters, National Science Centre, Provincial and District carried out in June, 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Missing Payment Vouchers - K3,770**

The Controlling Officer submitted that all the five payment vouchers that were missing at the time of audit had since been traced.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

b) **Failure to Submit Expenditure Returns - K547,186**

The Controlling Officer submitted that 290 schools had since submitted expenditure returns in amounts totalling K436,644 leaving a balance of K110,542. The Ministry had directed the District Education Officers to make follow ups to all the remaining schools without expenditure returns.

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

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers and that the remaining expenditure returns are located and availed to auditors without any further delay. Your Committee awaits a progress report on the matter.

c) **Unretired Funds for Orphans and Vulnerable Children (OVCs) - K70,133**

The Controlling Officer stated that the amounts totalling K70,133 disbursed to twenty-seven (27) schools as OVC funds had since been retired.

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

Your Committee notes the submission, but urges the Controlling Officer to institute measures to ensure accountability of the funds. Your Committee resolves to close the matter subject to audit verification.

d) **Failure to Implement Funded Activities - K3,336,884**

The Controlling Officer submitted that some institutions had since implemented funded activities while others had not yet done so. Expenditure details for the institutions that had implemented the funded activities were available for audit verification.

The Controlling Officer further submitted that the delay in the expenditure on educational materials, in the year under review, was due to changes in the curriculum, shift from decentralised book procurement to centralised procurement, reluctance by the booksellers to deliver smaller orders to rural and remote districts and law suits from book publishers.

The Controlling Officer added that the law suit sought by book publishers had dragged on for almost two years and the case was in the Supreme Court. As such from the time the Ministry was dragged to court, all those districts which had not procured could not proceed to do so.

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

Your Committee urges the Controlling Officer to ensure that all the recalled funds are accounted for and that new books are procured in accordance with the laid down procedures. Your Committee resolves to close the matter subject to audit verification.

e) **Unsupported Payments - K143,122**

The Controlling Officer submitted that all the forty-five payments in amounts totalling K143,122 had since been supported with relevant documents.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

f) **Misapplication of Funds - K778,896**

The Controlling Officer submitted that the authority had been obtained to recover the whole amount at source from RDCs disbursements to the affected institutions. Once done, the funds would be reimbursed to the National Implementation Fund, Equity (OVCs) and Educational Materials

respectively. The Ministry was waiting for funding for these institutions from the Ministry of Finance.

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

Your Committee strongly cautions the Controlling Officer to desist from misapplying funds and urges him to ensure that funds are reimbursed. Your Committee awaits a progress report on the matter.

g) **Failure to Reimburse Borrowed Funds - K66,300**

The Controlling Officer submitted that all the amounts totalling K66,300 had been reimbursed.

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

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

h) **Weaknesses in the Management of Imprest**

- *Unretired Imprest - K356,430*

The Controlling Officer submitted that all the imprest in amounts totalling K356,430 issued to thirty officers had since been retired.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers for their lapse. Your Committee awaits a progress report on the matter.

ii. *Irregular Use of Imprest - K110,186*

The Controlling Officer submitted that he had since cautioned all the heads of the institutions involved not to allow the procurement of goods and services whose values were obtainable on the market using accounting imprest.

As regards the procurement of goods and services queried at the Ministry Headquarters, the Controlling Officer submitted that the procurement of workshop services in amounts of K27,116, K10,000 and K10,660 were as a result of various workshops held in different provinces which made it difficult to issue cheques in small amounts to suppliers of services like teas, snacks and water in different locations. The Controlling Officer assured your Committee that there was no loss of public funds as all the services provided were accounted for and receipted and all these documents were available for audit verification.

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

Your Committee urges the Controlling Officer to ensure that clear guidelines are explained to all officers handling imprest to avoid such an irregularity. Your Committee resolves to close the matter subject to verification.

iv. *Failure to Provide Reports - K188,990*

The Controlling Officer submitted that all the monitoring reports for imprest in amounts totalling K188,990 had since been traced.

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

Your Committee resolves to close the matter subject to audit verification

#### **i) Weaknesses in the Management of Stores, Fuel and Assets**

##### **i. *Unaccounted for Stores-K204,098***

The Controlling Officer submitted that all the stores items costing K204,098 comprising (General stores K114,611 and fuel K89,487) had since been accounted for.

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

Your Committee notes the submission, but urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee awaits a progress report on the matter.

##### **ii. *Failure to Inscribe Government Assets - K41,977***

The Controlling Officer submitted that all the assets had since been inscribed. Further, the Ministry had instructed all the institutions involved to ensure that they inscribed every asset they purchased to identify them as Government property.

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

Your Committee resolves to close the matter subject to audit verification

#### **j) Failure to Disburse School Grants – Eastern Province - K112,291**

The Controlling Officer submitted that both Chadiza and Chipata Districts had since disbursed K48,437 and K63,860, respectively. Therefore, the whole of the undisbursed balance had since been disbursed to the schools.

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

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

#### **k) Unacquitted Funds – Lundazi DEBS - K24,697**

The Controlling Officer submitted that the whole amount K24,697 had since been acquitted.

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

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

Unit	Various
Programme	Personal Emoluments
Activities	Various

### Accounting and Other Irregularities

56. An examination of accounting and other records carried out from April to July, 2014 at the Provincial Education Offices in the above three provinces revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

#### a) Northern Province

##### i. *Irregular Payment of Salaries to Separated Employees – Mbala High School*

The Controlling Officer submitted that the officers had been removed from the payroll and the overpayments would be recovered from their terminal benefits. Computations regarding the recoveries had already been done and they constituted part of the documents forwarded to the National Pensions Fund.

#### Committee's Observations and Recommendations

Your Committee notes the submission but urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

##### ii. *Irregular Drawing of Salaries - K175,932*

The Controlling Officer clarified that it was true that the officer had two employee numbers 00236352 and 00238583 with the same NRC, number 194140/46/1. However, the correct position was that her correct employee number is 00236352, Finance Bank, Mufulira Branch. Initially she had mistakenly indicated Nakonde branch on her instead of Mufulira branch. Hence, her first three months' January to March, 2013, salaries were mistakenly paid in arrears on wrong bank details and employee number 00238583, but under the same Finance Bank, account number 0134932335004, under Nakonde Branch instead of Mufulira Branch.

Thus, from April to September, 2013, she could not be paid her salaries because of having two employee numbers, but after normalising the bank branch data, she got her October, 2013, salary together with her six months arrears of April to September based on correct employee number 00236352, Finance bank, same A/C number 0134932335004, Mufulira Branch. Since then, the officer had continued receiving her salary under the employee number 00236352 and through Finance bank, Mufulira Branch.

In the case of another officer, it was also not true that the officer was accessing two salaries as reported in the 2013 Auditor General's Report. The account number 0208321040411, Barclays Bank, Kasama Branch referred to as belonging to the officer was infact the bank's suspense account. To that effect, a letter from Barclays Bank, Kasama branch, confirmed that fact and it further confirmed that all the salaries that were remitted into that account were unpaid and returned to ZANACO because the officer did not hold a valid bank account with the bank. The bank had further confirmed that salaries from August to December, 2013, were not appearing on the statement and the bank continued investigating the matter and the Ministry would be informed of the outcome when investigations were completed.

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

Your Committee urges the Controlling Officer to ensure that internal controls on the payroll system are tightened. Your Committee further urges the Controlling Officer to ensure that the matter is corrected in the system. Your Committee awaits a progress report on the matter.

- iii. *Payment of Rural Hardship Allowances to Ineligible Employees*  
The Controlling Officer submitted that the Ministry faced serious challenges in the administration of rural hardship and remote hardship allowances. This was because the entitlement criteria for each of the two allowances were quite complex in terms of application. Your Committee was also informed that the payment of rural and remote hardship allowances happened to be the most popular query in the three provinces that were sampled under the 2013 Personal Emoluments Audit as reflected in the Auditor-General's report. In view of the foresaid, it was regretted that amounts totalling K3,159,476 were paid as rural hardship allowance. This mistake was mainly due to transfers from rural stations to urban stations and officers kept drawing salaries using pay points for rural stations until pay points were changed.

The Controlling Officer stated that at Kasama PEO, Kasama District Education Board Secretary (DEBS), Mpulungu District and Mbala District, payments of rural hardship allowance to all employees had been stopped by creating a contra entry on 999 against the monthly payments and recoveries had been effected from officers. The records were available for audit verification.

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

Your Committee urges the Controlling Officer to ensure that all payroll issues related to the payment of rural and remote hardship allowances are resolved expeditiously. Your Committee resolves to close the matter subject to audit verification

- iv. *Payment of Remote Instead of Rural Hardship Allowances - K132,546*  
The Controlling Officer submitted that recoveries from employees' salaries who were paid remote instead of rural hardship allowances had been effected as of March, 2015 salaries. The deductions were based on the difference of 5% (20% rural hardship allowance and 25% remote). The records were available for audit verification.

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

Your Committee resolves to close the matter subject to audit verification

- v. *Payment of Rural Hardship Allowances instead of Remote Hardship - K484,590*  
The Controlling Officer submitted that he had directed the Provincial Education Officer to make provisional allocation under dismantling of arrears to clear the underpayments.

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

Your Committee awaits a progress report on the matter.

## **b) Eastern Province**

- i. *Failure to Remove Officer from Payroll – Chipata District*  
Your Committee was informed by the Controlling Officer that the Ministry had since removed the officer from the payroll and a letter had been written to the University of

Zambia Management to recover a total of K64, 694 paid to him for the period of abscondment. The letter to the University of Zambia was available for verification. The Ministry had further charged the officer for abscondment from work without authority. The charge letter was also available for verification.

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

Your Committee notes the submission, but expresses concern at the failure by the District office to detect the anomaly early. The Controlling Officer is urged to ensure that officers responsible are equally disciplined. Your Committee awaits a progress report on the matter.

#### *iii. Payment of Salaries to Non-serving Officers – Lundazi and Mambwe Districts*

The Controlling Officer submitted as set out below.

#### **Lundazi**

Of the two officers claimed to have retired, one officer was re-engaged by the Teaching Service Commission from 2013 to December, 2014 and was eligible for a salary whilst the other one was still serving in the Ministry. The Ministry had since written to the Teaching Service Commission recommending the officer for retirement. Until then the officer could not be removed from payroll.

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

Your Committee resolves to close the matter subject to audit verification

#### **Mambwe District:**

Three of the four officers were only retired in December, 2014 and had since been removed from the payroll. As for the fourth officer, recoveries had been done against his terminal benefits.

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

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

#### **Chadiza District**

The officer involved was convicted of a criminal offence and he was serving his sentence. However, the Ministry had removed him from the payroll and an amount of K25,200 due would be recovered against his leave terminal benefits.

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

Your Committee resolves to close the matter subject to audit verification

#### **Payment of Rural Hardship Allowances to Ineligible Officers**

The Controlling Officer submitted that payments of rural hardship allowances to ineligible officers had been stopped and recoveries would be effected in the month end of March, 2015.

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

Your Committee urges the Controlling Officer to ensure that all payroll issues related to the payment of rural and remote hardship allowances are resolved expeditiously. Your Committee resolves to close the matter subject to audit verification



c) **Irregular Payment of Rural Hardship Allowance - K275,673**

The Controlling Officer submitted that payments of rural hardship allowances to ineligible officers had been stopped and recoveries had been effected.

**Committee's Observations and Recommendations**

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

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

PARAGRAPH 57

Programmes: Various  
Activities: Various

**Accounting and Other Irregularities**

57. An examination of accounting and other records at the Ministry Headquarters and a visit to provinces revealed the following accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unaccounted for fuel-K848,895**

The Controlling Officer submitted that fuel could not be accounted for during the year under review because a fuel register was not being maintained to reconcile the fuel coupons issued with monthly fuel statements obtained from the fuel dealers. She, however, informed your Committee that the receipt and disposal details were available for audit verification. Further, the office had put in place measures to ensure accountability and transparency in the way fuel was to be administered.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee awaits a progress report on the matter.

b) **Failure to Recover Loans and Advances - K381,893**

The Controlling Officer submitted that there were delays in the recoveries of salary advances because PMEC had suspended the inputs of salaries from October, 2013, to February, 2014. The loans issued to five officers totalling K200,000 and salary advances issued to thirty-six officers totalling K128,310 were running on officers' salaries.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification

c) **Development of Management Information System**

i. *Delayed Completion of Works*

The Controlling Officer submitted that it was a requirement under the contract for the Contractor to prepare the System Requirements Specification (SRS) Report with the full participation and authorisation of the Ministry of Lands, Natural Resources and Environmental Protection in order to take into account all the user needs. The approval of the SRS was delayed by three months due to disagreements on the content between the Contractor, Users and the Technical Team. The Controlling Officer further stated that the contract was extended by one year to 31<sup>st</sup> December, 2014 and the 'incomplete' works were

expected to be completed within the revised time-frame. The programming had been completed and the functionalities were being refined. The System was expected to be handed over to the Ministry in the first quarter of 2015.

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

Your Committee expresses concern at the failure by the Controlling Officer to ensure that completion was done in good time. Your Committee urges the Controlling Officer to ensure that the works were completed. Your Committee awaits a progress report on the matter.

ii. *Unsupported Payments-K1,987,666*

The Controlling Officer submitted that the stage completion certificates were not attached to the vouchers at the time of audit because they were on subject files. The current position was that the payments had been supported and were available for audit verification.

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

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

iii. *Failure to Insure Equipment-K718,811 (US\$140,097)*

The Controlling Officer submitted that while the contract provided for insurance of the equipment, the system had not yet been handed over to the Ministry by the contractor which posed a challenge to implement this contractual clause. The equipment was currently under warranty. The management had made a provision for the insurance of the equipment in the 2015 budgets. The Controlling Officer submitted that to mitigate possible risks such as burglary, fire and malfunctioning of equipment, data was backed up regularly at two different sites to prevent data loses in case of loss of servers. Further, the equipment was under warranty while server rooms were relatively secure. The Ministry was in the process of insuring the equipment which was expected to be done after the system was handed over by the Contractor to the Ministry.

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

Your Committee expresses concern at the failure by the Controlling Officer to insure the equipment. Your Committee urges the Controlling Officer to employ all options in ensuring that the equipment is insured without any further delay. Your Committee awaits a progress report on the matter.

d) **National Tree Planting Programme**

i. *Poor Management of Nurseries and Plantations - K520,277*

The Controlling Officer submitted that out of 6,236,000 polythene pots, only 4,468,840 were filled because it was difficult in some provinces to collect nursery soils because the exercise was done in the rainy season. The Controlling Officer added that on the other hand, 714,256 pots were sown out of 4,468,840 of the pots which were filled. K12,000,000 phase 1 nursery establishment fund was released in September after the prime period of collecting tree seeds which normally runs from June to August had ended. The seeds which were sown were collected using the RDC funds. However, the casual workers continued pot filling as hoped that the Treasury would release the funds for restocking the established nurseries. The expected area to be planted in the four provinces was 4,000ha at 1,000ha per province and only 208ha had been planted. As earlier stated, the Treasury did not release funds under phase 2 which was mainly for plantation establishment.

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

Your Committee observes that the Ministry incurred wasteful expenditure due to poor planning and urges the Controlling Officer to put measures in place to avoid the repeat of the anomaly in phase two of the programme. Your Committee resolves to await a progress report on the matter.

ii. *Uncollected Seedlings-K35,724*

The Controlling Officer submitted that the uncollected seedlings totalling 15,650 seedlings collected by the District Forestry Office in Mpika were produced by communities and bought by the Provincial Office on behalf of Mpika District only. The rest of the nursery stock totalling 71,448 seedlings were bought from Chinsali and Nakonde. The Controlling Officer further submitted that the seedlings were delivered and were available for verification at the District Office.

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

Your Committee expresses concern at the failure by the transporters to deliver the seedlings in time. The Controlling Officer is urged to ensure that all losses incurred as a result of late delivery are claimed from the transporters. Your Committee resolves to close the matter subject to verification.

iii. *Unvouched Expenditure-K840,303*

The Controlling Officer submitted that the vouchers could not be provided to the auditors at the time of the audit because there was a mix up in the period in which the payments were processed. Funds totalling K46,606 were spent in the financial year ended 31<sup>st</sup> December, 2012, leaving a balance of K483,401.27. The Provincial Office received K485,007.27 funding to support the National Tree Programme in December, 2012. The current position was that the payment vouchers for all the payments made during the year 2013, were now available for audit verification. The Ministry had been carrying out quarterly regular audit reviews to check on the operations of both Lands and Forestry offices.

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

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

iv. *Misapplication of Funds*

The Controlling Officer submitted that the misapplication of funds was due to lack of funding at the Provincial Forestry Office as they depended on the Provincial Administration for the day to day running of activities. These funds were used to facilitate monitoring the National Tree Planting activities such as distribution of nursery seedlings.

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

Your Committee strongly urges the Controlling Officer to desist from contravening the *Appropriation Act of 2013*. He is also urged to ensure that retrospective authority is sought without any further delay. Your Committee awaits a progress report on the matter.

v. *Unsupported Payments - K755,523*

The Controlling Officer submitted that payment vouchers were unsupported at the time of audit because the attachments were filed separately.

All the payment vouchers had been supported and were available for audit verification. The Ministry had been carrying out quarterly regular audit reviews to check on the operations of both Lands and Forestry Offices and the officers were advised to attach all relevant supporting documents each time they were making payments.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the erring officers are disciplined. Your Committee resolves to close the matter subject to audit verification

e) **Zambia Forestry College – Construction of Girls Hostel – Delayed Completion of Works**

i. *Delayed Completion of the Project*

The Controlling Officer submitted that the delays in the completion of works were due to late release of funding for the project. The construction works including wiring and electrical fittings, painting and decorating, tiling, internal connection of water, landscaping and brick paving had been done and the project was awaiting handover by the contractor.

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

Your Committee urges the Controlling Officer to ensure that funds are secured before projects are commenced. The Controlling Officer is further urged to ensure that the project is handed over expeditiously. Your Committee resolves to close the matter subject to audit verification.

ii. *Questionable Use of Supervision and Administrative Funds*

The Controlling Officer submitted that the authorisation from the Director was not availed to the auditors at the time of audit as the administration of the project was done at Provincial Administration where all the documentation was kept. Authorisation from the Director Buildings, quotations and/or receipts were available for audit verification.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that there is enhanced coordination between ministries. Your Committee resolves to close the matter subject to audit verification

### **OFFICE OF THE PRESIDENT – MUCHINGA PROVINCE**

AUDIT QUERY

PARAGRAPH 58

PROGRAMME:

Poverty Reduction Programmes - (PRP)

ACTIVITIES:

Various

#### **Accounting and Other Irregularities**

58. An examination of records maintained at the Provincial Administration and a physical inspection of the projects carried out between March and October, 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Contract for Completion of Office Block at Farmers Training Centre (FTC) in Chinsali - K77,288**

The Controlling Officer submitted that the matter had since been rectified and cleared by the Auditors.

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

Your Committee resolves to close the matter.

b) **Failure to Recover Funds – Contract for Installation of Water Tank**

The Controlling Officer submitted that his Office had engaged the Office of the Attorney-General to institute legal proceedings since the contractor had failed to pay back.

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

Your Committee expresses concern at the failure by the Controlling Officer to recover the funds paid to the contractor. Your Committee urges the Controlling Officer to continue to pursue the recovery of the funds. Your Committee is of a view that the matter should also be reported to law enforcement agencies for further action. Your Committee awaits a progress report on the matter.

c) **Rehabilitation of Five Offices at the Marketing Department Under Ministry of Agriculture and Livestock in Chinsali-K78,680**

The Controlling Officer submitted that the contractor was paid the full amount of K78,680 because a verified retention bond was already deposited with the Office of Permanent Secretary. The contractor had been informed of the leaking roof and had been instructed to remedy the said works.

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

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

d) **Construction of an Office Block for Shiwang`andu District Administration**

The Controlling Officer submitted that an extension to the project was done upon the recommendation of the Provincial Buildings Engineer and authority from the Provincial Tender Committee upon submission of a request from the contractor coupled with a revised work schedule. The Controlling Officer explained that included in the contract were provisional items that required to be instructed for their execution. These items included the boundary wall, driveways, parking and canopy. The contract had subsequently been extended up to February, 2015. Authority for extension was available for audit verification. The main challenge faced by the contractor was failure to make payment by the client on due dates. The client (GRZ) had normally failed to pay the contractor on due dates as stipulated in the contract and only paid in the range of thirty to ninety days after the due dates due to delayed funding by the Ministry of Finance.

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

Your Committee awaits a progress report on the matter.

e) **Construction of a House for the District Commissioner in Shiwang`andu**

The Controlling Officer submitted that electricity had since been installed at the house while land scaping and connection of water to the main house was in progress.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that the remaining works are completed expeditiously. Your Committee awaits a progress report.

f) **Construction of Ten Medium Cost Houses in Mafinga District**

The Controlling Officer submitted that the Provincial Procurement Committee meeting sitting on 18<sup>th</sup> December, 2014, recommended that Jamcho Trading be given a 12 week extension period due to valid compelling events. The Controlling Officer further submitted that according to information from the Provincial Buildings Engineer, even though this was to be granted, the revised completion date would still be surpassed and he requested to be granted authority to execute penalties in the form of liquidated and ascertained damages. The Provincial Procurement Committee granted the Provincial Buildings Engineer authority to effect charges of repudiated damages and an extension of twelve weeks. The minutes of the Provincial Procurement Committee were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the works are completed without further delay and that the charged damages are paid. Your Committee awaits a progress report on the matter.

g) **Construction of a House for the District Commissioner in Mafinga**

The Controlling Officer submitted that the Provincial Procurement Committee sitting on 18<sup>th</sup> December, 2014, approved an extension period of fourteen weeks. He also added that the contractor explained that the culvert works were pending as the said culverts were not readily available in Mafinga. The alternative which was advised, was for the contractor to use timber as formwork to reinforce the concrete works and build up curbs to the sides of the access. So far, the formwork (Timber) had been removed and building works were to follow. The cracks had been brought to the attention of the contractor and would be rectified within the extension period.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the works are completed and the defects attended to without any further delay. Your Committee awaits a progress report on the matter.

h) **Drilling Five Boreholes in Shiwang`andu and Mafinga**

The Controlling Officer submitted that a demand letter was written to the contractor to pay back an amount of K10,900 for water quality testing, geophysical surveys and pump testing which did not carry out. Further, the Provincial Procurement Committee decided to terminate the contract and decided that the remaining works be done by the Department of Water Affairs. However, before the letter of termination could be served on the contractor, he went back to site and completed the remaining works. The Provincial Water Officer had since been directed to go and certify the works done from which the K10,900 would be recovered.

**Committee's Observations and Recommendations**

Your Committee expresses concern on what has been happening with the drilling of the bore holes in question. It is clear to your Committee that the Contractor was tipped off about the impending termination of the contract from within the Provincial Administration Office. Your Committee, therefore urges the Controlling Officer to ensure that the works done in respect of water quality testing, geophysical surveys and pump testing are subjected to an investigation to ensure they are properly done. Further, the Provincial Administration should only rest the matter if the borehole will be ascertained to be operating well otherwise the matter should be reported to the law enforcement agencies. Your Committee awaits a progress report on the matter.

i) **Rehabilitation of a House for the District Commissioner in Mpika**

The Controlling Officer submitted to your Committee that the Provincial Procurement Committee approved an extension of a further eight weeks at its sitting of 18<sup>th</sup> December, 2014. Delayed payment of certificates by the client (GRZ) had partly affected the contractor's ability to complete the project on time.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to ensure that works are completed within the time specified. He is urged to ensure that the outstanding works are paid for and that works are completed expeditiously. Your Committee awaits a progress report on the matter.

j) **Construction of Culverts at Icheshi - Chinsali**

The Controlling Officer submitted that due to heavy rains, gravel was washed away from the embankment at the bridge. The Controlling Officer further informed your Committee that defects would be worked on and the District Administration had been instructed to do so.

**Committee's Observations and Recommendations**

Your Committee awaits a progress report on the matter.

k) **Construction of a Mother's Shelter – Nakonde**

The Controlling Officer submitted that due to the fact that it rained heavily during the expected completion period, it became difficult for the contractor to ferry building materials such as river sand for concrete bricks moulding and building sand. In addition, when the contractor reached completion stage, it was observed that the floor had developed major cracks, therefore, the contractor was instructed to remove the floor and redo it. This made the completion period to be extended. The contractor had been advised to work on the cracked floor and refit the window that could not open.

The Controlling Officer further submitted that the District Administration in Nakonde held K1,350 which represented 2.5% of the contract price instead of K2,693 which is 5% of the contract price. This was due to the fact that the contractor had no capacity to complete the remaining works and, therefore, demanded a large amount that affected the 5% of the contract price that was to be held.

The Controlling Officer also submitted that the contractor was overpaid by K9,230 representing 17%. However, this amount had since been recovered from subsequent payment certificates. The building was not in use because a new hospital had been commissioned which had another Mother's shelter. Use for this building would be determined by the District.

**Committee's Observations and Recommendations**

Your Committee observes that the decision by the District Administration to withhold 2.5% of the contract price instead of 5% coupled with the overpayment of certificates calls the integrity of the procurement process into question. Your Committee urges the Controlling Officer to take disciplinary action against the officer responsible for the overpayments. Your Committee further urges the Controlling Officer to institute measures to prevent recurrence of the anomaly. Your Committee awaits a progress report on the matter.

l) **Construction of Nchenga-Upukwe Bridge**

The Controlling Officer submitted that works were on-going although they had stalled because funds released were inadequate for the completion of the project. This was despite the release of K40,000 by the Provincial Administration, Northern Province as part of variation funds requested by the District Administration-Nakonde. The contractor was over paid by K9,274 representing 17.3% of the contract price. However, this amount had since been recovered from subsequent payment certificates.

A request for variation cost for Nchenga –Upukwe Bridge construction was written to the Provincial Administration Northern Province – Kasama. In response to this letter, Provincial Administration Northern Province –Kasama released a sum of K40,000 on 20<sup>th</sup> June, 2013, towards the same project. Out of K40,000 released, K4,000 representing 10% of the funds released was spent on monitoring and supervision of the same project. Further, K36,000 representing 90% of the funds released was spent on Nchenga –Upukwe Bridge. The Controlling Officer added that the contract was started by Northern Province. The District Commissioner’s Office was funded for the project and did all the tendering process.

Provincial Administration had, therefore, found it necessary to task the District Commissioner to ensure that the contractor finishes the project or takes legal action against the contractor.

**Committee’s Observations and Recommendations**

Your Committee considers the overpayment of contractors unacceptable and urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee further urges the Controlling Officer to ensure that works are expeditiously completed. Your Committee awaits a progress report on the matter.

m) **Failure to Avail Engineers’ Estimates**

The Controlling Officer submitted that Muchinga Province was declared a Province in 2011, without adequate staffing levels. To date, the office of the Provincial Buildings Engineer (PBE) was still understaffed as there were no surveyors and architects. The office is only manned by one officer to date.

**Committee’s Observations and Recommendations**

Your Committee while appreciating the understaffing in the Provincial Engineers Officer’s Office, does not consider it a valid justification as this is a key function which the officer who is at the station should have performed. Your Committee resolves to close the matter.

**MINISTRY OF AGRICULTURE AND LIVESTOCK**

**AUDIT QUERY**

PARAGRAPH 59

UNITS:	Various
PROGRAMMES:	Various
ACTIVITIES:	Various

**Accounting and other Irregularities**

59. An examination and other records maintained at the Ministry Headquarters, Department of Fisheries, Seed Control and Certification Institute (SCCI), the Zambia Agriculture Research Institute (ZARI) and physical inspection of projects in selected districts carried out during the period January to May, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.



a) **Questionable Payment of Salary Arrears - K76,960**

The Controlling Officer submitted that three officers appearing under Southern Province were paid salary arrears for the month of March and April, 2013. One officer was appointed to act as Provincial Agriculture Planner, Western Province with effect from 4<sup>th</sup> October, 2012, while the other General Worker, the amount of K40,000 paid was long service bonus, the other was transferred on promotion to the Department of Agriculture at headquarters with effect from 2<sup>nd</sup> March, 2012.

The Controlling Officer added that an officer was transferred to Ministry of Local Government and Housing and appointed to act as Rural Water and Sanitation Officer with effect from 18<sup>th</sup> January, 2012, but remained on Ministry of Agriculture and Livestock payroll until 31<sup>st</sup> December, 2013, when his payroll was transferred and placed on Ministry of Local Government and Housing. Further, the officer was transferred and appointed to act as Rural Water Supply and Sanitation Officer, he continued receiving a salary of Technical Officer (GSS/11) under Ministry of Agriculture and Livestock and only received the difference from Ministry of Local Government and Housing (Department of Housing and Infrastructure Development) which ended on 31<sup>st</sup> December, 2013.

All letters applicable to the above mentioned officers were available for audit for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to resolve the matter with the auditors during the audit process. Your Committee resolves to close the matter subject to audit verification.

b) **Irregular Payment of Salaries to Officers that Resigned - K22, 671.90**

The Controlling Officer submitted that the two officers did not resign, but absconded from work and only returned when their salaries were blocked. The Controlling Officer submitted that one officer had since been dismissed from the Civil Service and funds would be recovered from his dues while the salaries to the other officer had been blocked and any overpayment would be recovered from the officer's dues. The Ministry's Disciplinary Committee had recommended to the Public Service Management Division (PSMD) for his dismissal.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to act promptly on the matter as action was only taken two years later which is unacceptable. Your Committee strongly urges the Controlling Officer to strengthen internal controls so that such omissions are promptly detected and rectified. Your Committee resolves to await a progress report on the matter.

c) **Irregular Payment of Salaries – K110,499**

The Controlling Officer stated that the two officers had been written to requesting them to pay back the salaries they drew from the Government failure to which their subsequent salaries would be withheld until full recovery of funds owed to the Government was done. Subsequently, one officer had so far paid a total of K8,976 leaving a balance of K16,407 while another officer, had so far paid back a total of K10,000 directly at Ministry of Finance leaving a balance of K75,116.24. The delay was due to the clarification that the officer was seeking regarding payments to the Zambia Revenue Authority.

In his oral submission to your Committee, the Controlling Officer clarified that the balance of K75,116.24 against the officer had all been paid by the officer.

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

Your Committee resolves to await a progress report on the matter relating to the officer concerning the amount of K16, 407.00.

d) **Irregular Payment of Housing Allowance - K385,442.83**

The Controlling Officer submitted that the Ministry wrote to PMEC Support Services to delimit the payments of housing allowances and further institute recoveries from the officers. PMEC had since delimited the payments of housing allowances and payslips for the affected officers were available for verification. Included on the list of officers, were eighteen Teachers under the Ministry of Education, but were accommodated in Ministry of Agriculture Institutional Houses. Further, a letter had been written to PMEC to effect deductions after computations of the officers' take home pay to take into account the aspect of 40% threshold.

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

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

e) **Non-recovery of Loans and Advances - K150,412**

The Controlling Officer submitted that amounts totalling K84,612 were effected and were running leaving a balance of K65,800 in respect of four transactions. These advances were paid against their salaries as the officers were not yet on the payroll. The recoveries would be done as a one off deduction when they got introduced on the payroll.

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

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

f) **Unacquitted for Funds - K1,545,149**

The Controlling Officer submitted that the acquittal sheets for out of pocket and subsistence allowances paid to officers for carrying out specific duties were attached to most retirement documents. Furthermore, officers listed on the schedule had resubmitted copies of acquittal sheets for further re-verifications.

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

Your Committee observes that the auditors raised the matter because they did not find the document during audit and, therefore, urge the Controlling Officer to desist from misleading your Committee. Your Committee urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee resolves to await a progress report on the availability of all supporting documents.

h) **Missing Payment Vouchers - K2,240,257**

The Controlling Officer submitted that payment vouchers amounting to K2,049,250.56 were availed and verified leaving a balance of K191,006.44. These had since been traced and were available for verification. The cashiers' office had been reinforced with more staff to file payment vouchers properly, considering the volumes of transactions that the Ministry handled.

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

Your Committee observes that this anomaly was as a result of incompetence on the part of the officers responsible. Your Committee urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee resolves to await a progress report on the matter.

i) **Unsupported Payments - K3,611,325**

The Controlling Officer submitted that, in some cases, the receipts and other supporting documents such as memos, authorities and acquittal sheets were filed separately, but had since been retrieved and resubmitted for verification.

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

Your Committee does not accept the reason given by the Controlling Officer for failure to avail the receipts and other supporting documents to the auditors at the time of audit. He is urged to ensure that all the erring officers are cautioned for the anomaly. Your Committee resolves to await a progress report on the matter.

j) **Unaccounted for Stores - K405,841**

The Controlling Officer stated that stores and disposal details for Quantum Lab amounting to K268,300 had been resubmitted for verification leaving a balance of K137,541.46 which had also been traced.

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

Your Committee finds it unacceptable that the Controlling Officer failed to avail the stores and disposal details to the auditors at the time of audit. Your Committee urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

k) **Failure to Produce Reports - K1,535,694.83**

The Controlling Officer submitted that reports that were not availed at the time of the audit were mostly for group payments for which various officers drew imprest such as Crop Forecast Survey, Food Security and Post-Harvest and Livestock Census, among others. All the reports were available for verification.

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

Your Committee observes that failure to submit reports renders such reports wasteful as management is not able to make use of their contents. Your Committee, therefore, urges the Controlling Officer to put reporting procedures in place so that all officers account for the resources obtained for work purposes. Your Committee resolves to close the matter subject to audit verification.

l) **Irregular Payment of Meal Allowance -K297,331**

The Controlling Officer submitted that these assignments were urgent and needed dedicated time hence officers were assigned to work during weekends and in some cases outside normal working hours and these payments were duly authorised. He also added in his oral submission that the amounts referred to as meal allowances also included other allowances. The Controlling

Officer also admitted before your Committee that it was evident that the Ministry failed to interpret the Cabinet Circular and, hence, the irregular payment.

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

Your Committee cautions the Controlling Officer to ensure that in future there was no abrogation of Terms and Conditions for the Public Service No. 167 and also ensure that officers consulted the relevant officers on the interpretation of Cabinet Circulars where they are not sure. Your Committee resolves to close the matter subject to audit verification.

m) **Failure to Report Accident to Standing Accidents Board**

The Controlling Officer stated that police reports for the two motor vehicles were available including the insurance cover which were still valid at the time of the accidents. Insurance claims were being processed as well as the report to the Accidents Standing Board.

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

Your Committee awaits a progress report on the matter.

n) **Failure to Prepare a Loss Report**

The Controlling Officer submitted that regarding the two (2) motor bikes that were stolen at Mpika Farmers' Training Institute, the matter was reported to the Police and investigations were underway. Once investigations were concluded, a loss report would be prepared depending on the outcome of the investigations. So far, one motor bike had been recovered.

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

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

o) **Purchase and Supply of 24,000 Litres Raw Milk Cooling Tanks**

The Controlling Officer stated that at the time of procuring and receiving the Milk Cooling Tanks, it was during the rainy season and the Ministry resolved to deliver them after the rain season. The risk of delivering in the rainy season was that some areas were not accessible and that sensitisation of farmers at Milk Collection Centres would have proved difficult. The three Milk Cooling Tanks had since been delivered and delivery details were available. As for the amount being cited as overpayment, this was a VAT component which the Government was obliged to pay.

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

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

p) **Supply and Delivery of 1,000,050 Doses of Foot and Mouth Disease (FMD) Inactivated Bivalent Vaccine (AFTOVAX)-SAT1/SAT2**

i. *Supply of Vaccines before Signing Contract*

The Controlling Officer submitted that the Ministry adequately planned the procurement of vaccines. However, the procurement process including the clearance of the contract with Ministry of Justice took more than six months. The first round of vaccination that took place in May, was therefore, threatened as the procurement process was incomplete. As vaccinations were scheduled because of biological and climatic factors,

moving the time of vaccination would have resulted in decreased efficacy and increased risk of outbreaks.

The Controlling Officer submitted further that protecting cattle against Foot and Mouth Disease (FMD) required that cattle were vaccinated twice a year at six months intervals. This regime needed to be followed strictly otherwise the immunity developed over the years would be lost and over 1 million animals would be exposed to infection. He noted that as the Ministerial Tender Committee had approved the procurement and Botswana Vaccine Institute (BVI) was willing to supply without payment as the contract was still at the Ministry of Justice, the Ministry requested the supplier to deliver the required 600,000 doses of the vaccine for the first round of vaccination before the contract was signed.

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

Your Committee expresses concern that the deliveries were made even before the contract was signed which is in conflict with procurement procedures. Your Committee urges the Controlling Officer to report the matter to investigative wings for further investigation. Your Committee resolves to await a progress report on the matter.

ii. *Excess Delivery of Vaccines*

The Controlling Officer submitted that the Ministry had been ordering 1,200,000 doses over the past five years in order to vaccinate susceptible population of cattle in Southern, Western, Central and Northern Provinces. In 2012, a decision was made to reduce the vaccination areas hence the reduction in purchase of doses from 1,200,000 to 1,00,050. The excess vaccine was used to increase the number of animals vaccinated in the remaining vaccinating districts.

The Controlling Officer added that it was unfortunate that both the Ministry of Agriculture and Botswana Vaccine Institute followed historical precedence instead of the contract. Measures were being undertaken to ensure this did not reoccur.

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

Your Committee observes that this is one of the dangers of executing a contract before it has been signed. The Controlling Officer is urged to ensure that planning is enhanced to curb its recurrence. Your Committee resolves to close the matter subject to audit verification.

iii. *Expired Drugs due to Delivery of Vaccines with Few Months Shelf Life*

The Controlling Officer submitted that this was as a result of having only one supplier. After authority was obtained from the Ministerial Tender Committee, an order was placed with the supplier who made a batch specifically for Zambia's needs. Unfortunately, as the procurement process took long, Zambia did not order the vaccine in time. The Department, therefore, requested that Botswana Vaccine Institute (BVI) supply vaccine which were on the shelf. Of the 600,000 doses supplied, only 33,400 doses differed with the contract specifications. It should be noted that the potency and safety of the vaccines was still guaranteed for a further three months after August as per shelf life determination protocol which had a safety of three months post expiry.

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

Your Committee expresses concern at the failure by the Controlling Officer to ensure that the drugs are of the appropriate shelf life. The Controlling Officer is cautioned to desist from

misleading your Committee as the drugs were found to be expired when auditors inspected them. Your Committee resolves to close the matter subject to audit verification.

**MINISTRY OF AGRICULTURE - PROVINCIAL AGRICULTURE COORDINATING OFFICES (PACOS), DISTRICT AGRICULTURE COORDINATING OFFICES (DACOS) AND RESEARCH STATIONS AND AGRICULTURE TRAINING INSTITUTIONS**

AUDIT QUERY

PARAGRAPH 60

PROGRAMMES: VARIOUS

ACTIVITIES: VARIOUS

**Accounting and Other Irregularities**

60. An examination of financial and other related records maintained at the Provincial Agriculture and Coordinating Offices, District Agriculture Coordinating Offices, Agricultural Training Institutions and physical inspections of selected projects carried out during the period from May to September, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Missing Payment Vouchers - K37,184**

The Controlling Officer submitted that the missing payment vouchers were misfiled, but had since been located.

**Committee's Observations and Recommendations**

Your Committee observes that misplacement of payment vouchers should no longer be condoned as it can be used to conceal malpractices. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee awaits a progress report on the matter.

b) **Unsupported Payments - K684,209**

The Controlling Officer stated that this was due to misplacement as some officers were moving offices to pave way for renovations while some documents were misfiled. However, supporting documents such as quotations, receipts and other necessary documents had since been attached.

**Committee's Observations and Recommendations**

Your Committee observes that failure to support payments should no longer be condoned as it makes it difficult to scrutinise the genuineness of the payments. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee awaits a progress report on the matter.

c) **Unapproved Payment Vouchers - K28,240**

The Controlling Officer submitted that regarding Vubwi DACO, two payment vouchers amounting to K10,300 were not approved because the accounting officer was engaging in fraudulent activities. The two payment vouchers for the same officer were part of the fraudulent activities that the officer was involved in and the officer had since been convicted and imprisoned. As for Mpika College, the payment vouchers were approved at the time of audit, but were misfiled. These had since been retrieved.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the weak internal controls and urges the Controlling Officer to ensure that disciplinary action is instituted against the erring officers. The Controlling Officer is

further urged to ensure that internal controls are enhanced. Your Committee awaits a progress report on the matter.

d) **Misapplication of Funds - K148,533**

The Controlling Officer submitted that this was because the allocations for District and Provincial Agriculture Shows were not enough to undertake the activities. The funds were borrowed to ensure that the shows were undertaken and it would be reimbursed as soon as the office received funding. Funds relating to Chinsali DACO had since been reimbursed and details were available for verification at the District. As for Kawambwa DACO, funds were used to pay casual workers as wages. Authority was sought to employ permanent employees and this had since been granted.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to adhere to the *Appropriation Act of 2013*. The Controlling Officer is urged to ensure that all funds are reimbursed without any further delay. Your Committee awaits a progress report on the matter.

e) **Unretired Imprest - K1,160,916**

The Controlling Officer submitted that this was due to misfiling and, so far, imprest in amounts totalling K1,140,810 had been retired. The Provincial Agriculture Coordinator for Luapula Province had been written to, to immediately effect recoveries on outstanding imprest amounting to K8,400 from the salaries of one officer based in Samfya district. As for Mufumbwe District, imprest totalling K10,706 had not been retired at the time of audit. However, the officers concerned were deceased and the casualty forms had been prepared to effect deductions from their benefits.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the weak internal controls and urges the Controlling Officer to ensure that disciplinary action is instituted against the erring officers. He is further urged to ensure that internal controls are enhanced. Your Committee resolves to await progress on the matter.

f) **Fraudulent Payment – Vubwi DACO - K2, 000**

The Controlling Officer submitted that there were fraudulent activities by the former Accounting Officer amounting to K1,700 on cheque no. 000124. The Officer had since been jailed. The suspension letter and Court Judgement were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that matters of accountability are dealt with expeditiously in order to curb recurrence. Your Committee resolves to close the matter subject to audit verification.

g) **Failure to Provide Monitoring Reports - K137,196**

The Controlling Officer submitted that imprest retirements amounting to K137,196 were not supported by monitoring reports because the reports were filed separately in the monitoring and evaluation files. The reports had since been attached to the retirements and were ready for verification.

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

Your Committee expresses concern at the weakness exhibited by the Controlling Officer in monitoring his officers' activities. He is strongly cautioned against this kind of approach and further urges him to ensure that disciplinary action is instituted against the erring officers. Your Committee awaits a progress report on the matter.

h) **Questionable Retirement of Imprest – Senanga DACO - K2, 343**

The Controlling Officer submitted that this amount would be deducted from the officer's salary effective March, 2015.

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

Your Committee urges the Controlling Officer to take disciplinary action against the officer. The Controlling Officer is also urged to ensure that internal controls are enhanced and that recovery is made without any further delay. Your Committee awaits a progress report.

i) **Questionable Payment for Fuel - K66,674**

The Controlling Officer submitted that the Provincial Agriculture Coordinator (PACO) had been instructed to immediately institute recoveries from all the thirty-seven officers' salaries for the month of March, 2015.

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

Your Committee expresses concern at the weak internal controls and urges the Controlling Officer to ensure that internal controls are enhanced. Your Committee also urges the Controlling Officer to ensure that disciplinary action is instituted against the erring officers and that recovery is made without further delay. Your Committee awaits a progress report.

j) **Irregular Use of Imprest to Procure Goods and Services - K68,742**

The Controlling Officer submitted that the imprest was paid to officers to procure goods and services because the goods that were bought mostly were agriculture show exhibits could not be bought from one supplier. The documents for the items purchased using accounting imprest were recorded in stores and the imprest were retired and documents were available for verification.

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

Your Committee urges the Controlling Officer to strictly abide by Financial Regulations instead of defending malpractices. Your Committee resolves to close the matter.

k) **Irregular Payment of Subsistence Allowances - K17,632**

The Controlling Officer submitted that the amount in question was paid out as subsistence allowance to nine officers under Kasempa District and Muchinga Province on their first appointment. He further said the subsistence allowance for loading and offloading were normal entitlements to officers.

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

Your Committee observes that the normal payment for loading and offloading on first appointment should have been two nights only. Your Committee, therefore, urges the Controlling Officer to



institute recoveries from the affected officers. Your Committee awaits a progress report on the matter.

l) **Claims Paid without Obtaining Prior Authority – K126,934**

The Controlling Officer submitted that authorities for payments were not availed at the time of audit because they were filed on personal and subject files. The authority letters had since been attached and were ready for audit verification.

**Committee's Observations and Recommendations**

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

m) **Irregular Payment of Sitting Allowances - K19, 550**

The Controlling Officer submitted to this was due to the fact that at the time the allowances were being paid, the Office had not yet received the Cabinet Circular No. 11 of 2013.

**Committee's Observations and Recommendations**

Your Committee does not accept the reason that the Controlling Officer gave on this matter and is urged to recover the funds from the officers concerned without any further delay. Your Committee awaits a progress report on the matter.

n) **Irregular Payment of Meal Allowances – K20,850**

The Controlling Officer submitted that the funds had been paid back and deposited in the GRZ account. A copy of the general receipts and account statements were available.

**Committee's Observations and Recommendations**

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

o) **Failure to Deduct Tax – Kasama PACO - K178,346**

The Controlling Officer submitted that these were part payments made to staff due to inadequate funding. Tax would be deducted upon paying the final payments from the February funding which the Province was expecting.

**Committee's Observations and Recommendations**

Your Committee strongly cautions the Controlling Officer against failure to deduct and remit statutory obligations. He is further directed to ensure that all the outstanding taxes are paid without further delay. Your Committee resolves to await a progress report on the matter.

p) **Failure to Remit Tax – K22,503**

The Controlling officer stated that funds would be remitted once the districts received the February funding.

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

Your Committee strongly cautions the Controlling Officer against failure to remit statutory obligations. He is directed to ensure that all outstanding taxes are paid without further delay. Your Committee resolves to await a progress report on the matter.

q) **Failure to deduct NAPSA Contributions – Kazungula DACO – K5, 600**

The Controlling Officer submitted that Kazungula Office did not deduct the NAPSA contributions from wages because they were paid to three temporal watchmen. In future, the Ministry would ensure that NAPSA contribution was deducted and remitted in accordance with the *NAPSA Act of 1996*.

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

Your Committee urges the Controlling Officer to ensure that all statutory obligations with regard to *NAPSA Act of 1996* are strictly adhered to at all times to avoid recurrence of the matter. Your Committee, however, resolves to close the matter subject to audit verification.

r) **Irregular payment of Rural Hardship Allowances- Solwezi PACO – K5,228**

The Controlling Officer submitted that the amount in question was irregularly paid to an officer serving at the Provincial Office and deductions were effected and were already running against the officer concerned.

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

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

s) **Staff Recruited without Authority- Mafinga and Nakonde DACOs - K25,968**

The Controlling Officer submitted that the said workers were casual workers who did not require authority from the Public Service Management Division (PSMD).

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

Your Committee resolves to close the matter.

t) **Unaccounted for Funds – Mpika College of Agriculture - K48,220**

The Controlling Officer submitted that the College had separate bank accounts for the Certificate and Diploma Students to deposit their fees, as well as a College General Account. Some students had in the past deposited their money in wrong accounts. However, records were available to show how the money was utilized. Additionally, some money when deposited did not reflect the students identities, thereby making it difficult to determine what the money was for. This resulted in a mismatch between the receipt and the bank statement.

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

Your Committee observes that there is urgent need to put in place measures that will help to reconcile the accounts to avoid loss of funds. Your Committee resolves to close the matter, but requests the Auditor General to note the matter in future audits.

u) **Failure to adhere to Procurement Guidelines-Mpulungu DACO-K21,700**

The Controlling Officer submitted that Mpulungu DACO approved the procurement of diving equipment costing K21,700 which was beyond his threshold. The payments were staggered in three installments to circumvent procurement guidelines. The DACO had since been warned in writing not to contravene any provision of the Act in future, failure to which he could be charged in line with Section 9 clause 77 (1) of the *Public Procurement Act*.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to strongly enforce regulations as a deterrence measure. Your Committee resolves to close the matter subject to verification.

**Failure to adhere to Procurement Guidelines-Sesheke DACO- K27,092**

The Controlling officer submitted that Sesheke DACO approved the procurement of building materials costing K27,0920 which was beyond his threshold. The payments were staggered in two installments to circumvent procurement guidelines. The DACO had since been warned in writing not to contravene any provision of the Act in future, failure to which he would be charged in line with Section 9 clause 77 (1) of the *Public Procurement Act*.

Furthermore, the Ministry had sent Circulars and Publications in Procurement to all the DACOs to provide further guidance on the interpretation and application of the Act. This was in line with Section 9 Clause 84(1) of the *Public Procurement Act* No. 12 of 2008.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to strictly enforce regulations. Your Committee resolves to close the matter subject to audit verification

**Failure to adhere to Procurement Guidelines-Chongwe DACO- K25,450**

The Controlling Officer submitted that the tendering process with regard to purchase of the referred to motor bike was done through the Provincial Administration Office, Lusaka Province. The district office only received the approved contract as well as the quotation for the approved supplier for purchase of the motor bike. The contract was available for inspection at both DACO and PACO's offices while documentation relating to the tender process was available at the Provincial Administration, Lusaka Province.

**Committee's Observations and Recommendations**

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

v) **Unaccounted for Stores and Fuel-K2,530,653**

The Controlling Officer submitted that stores items costing K2,530,653 procured during the period under review had no receipt and disposal details because the Ministry had challenges in terms of having competent personnel in handling stores matters in all the districts. In the establishment register, there were no positions of stores officers in the districts. However, all stores items had been recorded and disposal details were available for verification.

**Committee's Observations and Recommendations**

Your Committee does not accept the reasons given by the Controlling Officer and urges the Controlling Officer to institute disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

w) **Irregular Refund – Mpulungu DACO**

The Controlling Officer acknowledged that the officer was irregularly refunded amounts totalling K7, 892 for using his personal money to buy fuel in his private vehicle which he claimed to have used for official duties as there was no proof to show that the directive was authorised by the Secretary to the Cabinet. The District had since raised inputs to recover the funds from his salary.

**Committee’s Observations and Recommendations**

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

x) **Questionable Drawing of Fuel – Lusaka DACO – K6,514**

The Controlling Officer submitted that this came about because the district was at the time using one (1) fuel coupon to draw fuel for both the motor vehicle and generator. The PA system that was used on field day events and shows comprised the Audio Visual (AV) which was run by the petrol generator and a van which was run by diesel and thus the use of one coupon for both the motor vehicle and generator.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to avail the details of the usage of fuel failure to which recoveries should be instituted. Your Committee awaits progress report.

y) **Unauthorised Drawing of Fuel – K18,667**

The Controlling officer clarified that some vehicles which appeared on the fuel statements did not belong to the districts cited above. This was due to the fact that district vehicles had broken down and some motorcycles which had private number plates were for the projects and were not entered on the inventory list. Authority to use private vehicles for official duties was sought and was available for audit verification.

**Committee’s Observations and Recommendations**

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

z) **Loans and Advances**

i. *Non-recovery of Loans and Advances - K45,597*

The Controlling Officer submitted that loan amounted to K7,000, could not be recovered because the officer had retired from active service. The loan would be deducted from his terminal benefits. For the remaining balance of K12,500, deductions had been effected. Advances amounting to K3,600 had not been recovered at the time of audit. An advance amounting to K1,500 was being recovered, while the officer who obtained the K600 on cheque number 801005 got his salary through the Chilanga office and the advance was running. The remaining balance of K1,500 was obtained by an officer who had now retired and would be recovered from his terminal benefits. Relating to Ndola PACO, with regard to staff advances, tuition advances and household loans, the Controlling Officer stated that recoveries had been effected and were running.

**Committee’s Observations and Recommendations**

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

ii. *Subsequent Issuance of Salary Advances - Mongu PACO K3,500*

The Controlling Officer acknowledged that subsequent advances were paid to two officers in amounts totalling K3,500. However, the recoveries were running and documents were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification

a) **Non-functional Borehole- Lufwanyama DACO**

The Controlling Officer submitted that the DACOs office had been instructed to get in touch with the contractor to ensure that he erected the stand and mounted the tank so that only installation of the submersible pump could wait for power from ZESCO. Further, the DACOs office had been instructed to ensure that ZESCO supplied power to the site in the shortest possible time.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that outstanding works are completed expeditiously. Your Committee awaits a progress report on the matter.

b) **Construction of a Dip Tank at Kalovya – Chama DACO**

The Controlling Officer submitted that works did not commence because the contract with Ropsa General Dealers was terminated and re-advertised after the contractor withdrew from the contract. This resulted in the delay and the Ministry had since entered into a contract with another company to construct the dip tank and the contractor was currently on site.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but expresses concern at the delay and urges the Controlling Officer to ensure that works are completed without any further delay. Your Committee awaits a progress report on the matter.

c) **Rehabilitation of Kasamba Weir- Kabompo DACO**

The Controlling Officer submitted that the weir was undermined or eroded at the base causing a huge gully and water started passing under it. It was decided then that the weir be repaired by putting on the upstream of a weir a sheet of concrete barrier to prevent water from seeping under the it. Further the gully under the weir was to be filled with impervious soil such as clay on both sides of the weir to hold it. However, funds were inadequate to complete these activities and the weir required more funds which funds had not been made available.

**Committee's Observations and Recommendations**

Your Committee awaits a progress report on the matter.

d) **Construction of Regional Livestock Laboratory-Kasama PACO**

i. *Irregular payment to Private Consultant- Re-designing of Drawings and Preparation of BOQ*

ii. *Physical Inspection*

The Controlling Officer submitted that the major challenge was that the materials that were included in the Bill of Quantity (BoQ) were different from the actual material that the contractor requested for. A request had since been done to make adjustments to the BOQ. As to who was to be engaged in the re-designing of the facility, the meeting did not come up with a specific company or architect. There-designing was not done by a consultant but by architects from Kenabanyama Enterprises.

**Committee's Observations and Recommendations**

Your Committee observes that the project has encountered implementation challenges because of weaknesses in the procurement process. Your Committee urges the Controlling Officer to ensure that the works are completed without further delay. Your Committee awaits a progress report on the matter.

e) **Kalungwishi Game Ranch-Mporokoso DACO**

i. *Construction of a 1 x 50 hectares Paddock - Mporokoso DACO*

The Controlling Officer submitted that the contractor was made to go back to the site to treat the poles and repair the gate and the works done were ready for verification.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but expresses concern at the delay and urges the Controlling Officer to ensure that works are completed before being certified. Your Committee resolves to close the matter subject to audit verification

ii. *Construction of Water crossing Culverts- Mporokoso DACO*

The Controlling Officer submitted that Yona Muchindo Chishimba was not a registered Company. However, the Province erroneously used the Director's name, Muchindo Yona Chishimba, who operated under Muchiz General Contractors and registered with PACRA under registration Number 100678 and serial number 2010579. The Province should have used the registered company name and not the Director's name. Registration documents were available for verification.

**Committee's Observations and Recommendations**

Your Committee observes that this was a deliberate play by the officers and the supplier to circumvent procurement procedures and urges the Controlling Officer to take disciplinary action against the erring officer. Your Committee awaits a progress report on the matter.

f) **Construction of an Office Block - Chongwe DACO**

The Controlling Officer submitted that the outstanding works had since been brought to the attention of the contractor through the office of the Provincial Buildings Engineer, Lusaka Province. Since the contractor was paid in full, he would bear the cost of the outstanding works failure to which appropriate action would be taken against the contractor. The Ministry had since written to the Director, Buildings Department to compel the contractor to finish the works.

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

Your Committee awaits a progress report on the matter.

### **g) Construction of Chasato Earth Dam –Chama DACO**

The Controlling Officer submitted that the DACO entered into a contract with the Zambia National Service for the construction of the said dam. Since the dam showed gullying in the first rainy season after construction, the defect liability period was extended to observe the strength of the dam wall in the second season before certification and handing over to the community.

The Controlling Officer submitted that the Zambia National Service and Ministry of Agriculture and Livestock entered into an agreement and not a contract to build Chasato Dam since ZNS was a Government institution. It meant, therefore, that ZNS was to handle earth works whereas the Ministry staff were to supervise and undertake concrete works (pipes and valves installation, sills and related concrete works on the spillway). The community was engaged as labour force especially on concrete works. The agreed contract amount with ZNS amounted to K200,887.50 on Force Account rather than full contract which was estimated at K900,000.

The Force Account procurement meant that as a Government department, ZNS was paid the agreed amount of K200,887.50 in instalments to do the works unlike the option where private contractors were paid only when the works were done and retention of 10% minimum depending on the contract. In this case, the amount was paid in two instalments of K100,000 and K100,887.50 respectively. Further, the agreement was on Dry Rate, implying that the Ministry as a client would meet the costs of fuels and lubricants.

In case of a defect on the works, therefore, the remedial actions were to be jointly handled by both parties.

The Controlling Officer added that the Spillway was intact and the related concrete works; and both the inlet and outlet chambers with the outlet valve were intact. The dam was intact and still holding substantial amount of water except for the middle section which had been partially eroded away and the compaction of the dam was as per required standard, hence the partial erosion on the dam wall. The Controlling Officer also stated that after the dam settlement, the middle section of the dam became almost at the same level as the spillway level. Following a flush flood, excess water ended up overtopping this section leading to the partial erosion that was noticed.

A technical team involving the Ministry's officers and ZNS staff was sent to the site and assessed the situation to establish the way forward. It was established that the eroded section of the dam should be worked on and the dam wall raised up to 1.5m. This would ensure that the situation did not reoccur. The contractor (ZNS) was ready to mobilise and move site as soon as possible so that the situation was rectified. The raising of the dam wall would take into account the fact that the spillway was intact and required no works.

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

Your Committee expresses concern at the failure by the Controlling Officer to ensure that works were repaired and only waited for the auditors to unveil the irregularity. It further observes with concern that the funds that were spent on monitoring and evaluation are too much despite poor workmanship. The Controlling Officer is urged to ensure that all defects observed are repaired expeditiously. Your Committee therefore awaits a progress report on the matter.

h) **Other Projects**

**Western Province**

*Construction of a Regional Veterinary Laboratory - Mongu - K4,299,995*

The Controlling Officer acknowledged the auditor's findings that flooring, glazing, plumbing joinery and iron mongering, painting, decorating, soil drainage plastering in the interior and exterior were not done. He, however, reported that flooring had been done and most of the building had been plastered and works were on-going.

**Committee's Observations and Recommendations**

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

**Southern Province**

*Rehabilitation of One Staff House and Construction of a Double Pit Latrine - K84,840*

The Controlling Officer submitted that the contractor was called to fix all the defects observed and the stains and leakages in the ceiling and the bedroom had been fixed.

**Committee's Observations and Recommendations**

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

*Choma Mochipapa Research Station- Construction of an Office Block - K158, 450 (Materials K107, 505 and Labour K50, 945)*

The Controlling Officer stated that the contractor was not paid the full amount of K47,000 because the works were not complete. However, a total amount of K37,280 had been paid to date leaving a balance of K9,720. The balance would be paid once the contractor finished all the works. The contractor was currently on site. Three payments were made as follows; on 29<sup>th</sup> November, 2012, the first payment for labour (K20,000) on cheque number 805736, on 3<sup>rd</sup> July, 2013, the second payment for labour (K10,800) on cheque number 806276 and the third payment on 31<sup>st</sup> December, 2013 payment for labour (K6,480) on cheque number 806898. He also added that the contract sum was K47,000 out of which K37,280 was paid and the balance of K9,729 was yet to be paid.

**Committee's Observations and Recommendations**

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

**North Western Province**

*Construction of Office Block, Storage Shed and 2 Workers Houses- Kanyama Breeding Centre, Mwinilunga (Office block K56,781, K69,000 Storage Shed and K57,000 Workers 2 Houses)*

The Controlling Officer acknowledged that at the time of the audit K182,871 of the K698,932.74 contract sum had been paid to the three contractors carrying out the works. However, the three contractors had not abandoned the works. The office submitted stage completion certificates to the Ministry of Finance for payment and the contractors had since been paid and works were ongoing.

**Committee's Observations and Recommendations**

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



### **Lusaka Province**

#### *Construction of a Breeding Center - K814,043.04*

The Controlling officer acknowledged that works which were cited in the audit report were outstanding at the time of the audit inspection and that this was because of the delay on remittances of funds towards construction of the staff house.

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

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

### **Muchinga Province**

#### *Construction of Medium Cost Houses at Mbesuma State Ranch - K803,096*

The Controlling officer stated that management had withheld the retention money so that the contractor could work on the reported defects and had also communicated to the contractor about the matter. Generally, delays in completion of projects were as a result of late submission of certificates so as to enable the Ministry of Finance to release funds for payments to contractors. All works were ongoing as contractors only moved out of site when payments were not made.

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

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

#### *Zambia College of Agriculture (ZCA)- Monze*

- **Missing Receipt Books**

The Controlling Officer stated that the said books had not yet been found and the matter was, therefore, reported to the Police for further investigation. A Police report was available for audit verification.

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

Your Committee awaits a progress report on the matter.

- **Missing Payment Vouchers - K105,726**

The Controlling Officer submitted that there were some payment vouchers that were not found at the time of audit. However, a follow up was made and it was discovered that the payment vouchers were misfiled and were available for audit verification.

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

Your Committee urges the Controlling Officer to strengthen internal controls and also ensure that disciplinary measures are instituted against the erring officers. Your Committee awaits a progress report on the matter.

- **Unsupported Payments - K711,241**

The Controlling Officer submitted that the challenge was that the district had few reliable suppliers and most of them showed unwillingness to issue quotations because they felt the college might not buy from them due to their comparatively higher prices. However, payments had since been supported.

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

Your Committee urges the Controlling Officer to ensure that all payment were adequately support. He is also urged to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

- **Irregular Payment of Allowances - K174,681 plus out of Pocket - K9,383**  
The Controlling Officer submitted that at the time this occurred, it had been a system by the college to pay out of pocket allowance when meetings were held within the college. Upon receiving a circular, the college stopped making such payments. Recoveries had since been instituted. Marking allowances were paid to officers who worked away from their normal station of duty as out of pocket allowance where as day scholar allowances were paid as per agreement when the program was being introduced.

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

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

- **Irregular Use of Accounting Imprest - K101, 556**  
The Controlling Officer submitted that the College had challenges of purchasing certain items and it opted to issue imprest to officers for students' foodstuffs such as fish and vegetables because most of these suppliers were peasant farmers and market sellers who did not accept cheques and also because not all items purchased were found in one shop and so issuing of cheques for small amounts was deemed costly. It had been difficult for the college to minimise such payments because such items were procured frequently.

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

Your Committee observes that the matter if left unattended to will be used as a conduit for fraudulent activities. The Controlling Officer is urged to sternly caution management to ensure that financial regulations are followed to the letter and that all the erring officers are equally cautioned to desist from using imprest in such a manner. Your Committee resolves to close the matter, but requests the Auditor General it note it in future audits.

- **Unaccounted for Stores - K480,025 (General stores - K319,087 and Fuel Costing - K160,938)**  
The Controlling Officer submitted that stores and fuel disposal details had been prepared and were ready for verification.

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

Your Committee urges the Controlling Officer to strengthen internal controls and also ensure that disciplinary action is instituted against the erring officers. Your Committee awaits a progress report on the matter.

- **Failure to Prepare Contracts for Part Time Lecturers and General Workers – ZCA Monze - K31,930**  
The Controlling Officer submitted that due to shortage of appropriate staff to undertake the necessary training, the college contracted qualified and available staff as adjunct staff. Contract documents were available for verification.

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

The Controlling Officer is sternly cautioned for his failure to avail the contracts at the time of audit and is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

### **MINISTRY OF AGRICULTURE AND LIVESTOCK**

#### **AUDIT QUERY**

PARAGRAPH 61

#### **DEPARTMENT:**

Agribusiness and Marketing Department

#### **UNIT:**

Agriculture Finance and Credit Management

#### **PROGRAMMES:**

Farmer Input Support Programme (FISP)

FISP Electronic Voucher Pilot

#### **ACTIVITIES:**

Various

### **Accounting and Other Irregularities**

61. An examination of the financial and other related records maintained at the Ministry Headquarters, Provincial Agriculture Co-ordinating Offices (PACOs), fifty-one District Agriculture Co-ordinating Offices (DACOs) and physical inspections of selected cooperatives and warehouses carried out between April and July 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Failure to Implement the E-Voucher System**

The Controlling Officer acknowledged that the Ministry had planned to start implementing the Electronic Voucher System during the 2013/2014, season in ten districts. In order to achieve this, preparatory activities were undertaken to ensure that the system was ready for implementation by the time of commencement of the agricultural season. However, a policy decision was made not to implement the programme during the 2013/2014 season.

In his oral submission to your Committee, the Controlling Officer explained that the Ministry could not implement the e-voucher because the new Minister felt that the Ministry would not be ready before the planting season commenced.

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

Your Committee expresses concern at the policy inconsistencies exhibited by the Ministry in the implementation of the FISP. Your Committee observes that as a result of inertia and indecision at the Ministry, the K110,491,885 was wasted expenditure as the pilot project was not fully implemented. Your Committee strongly urges the Ministry to be decisive on whether or not to implement the e-voucher programme. As regards the way forward, your Committee reiterates its earlier position that the numerous weaknesses inherent in the FISP should immediately be addressed if the programme is to benefit the intended farmers. Your Committee awaits a progress report on the matter.

#### **b) Inadequately Supported Payments-K30,720**

The Controlling Officer submitted that the payment amounting to K30,720 had since been adequately supported.

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

Your Committee finds the failure by the Controlling Officer to avail supporting documents at the time of audit unacceptable and urges him to take disciplinary action against the officers responsible for the failure. Your Committee awaits a progress report on the matter.

c) **Accounting for Revenue-K369,274,913**

i. *Failure to Recover Funds from Beneficiaries-K2,065,725*

**Mkushi District-K1,600**

The Controlling Officer submitted that transactions amounting to K1,600 were initially not captured by the bank on the bank statements. The updated bank statement showed that the money was deposited.

**Committee's Observations and Recommendations**

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

**Luano District-K26,800**

The Controlling Officer submitted that transactions amounting to K26,800 were initially not captured by the bank on the bank statements. The updated bank statement showed that the money was deposited.

**Committee's Observations and Recommendations**

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

**Kabwe District-K10,583,200**

The Controlling Officer submitted that contrary to the expected revenue of K10,583,200 reflected in the audit report, the District was allocated and received 51,060 x 50kg bags of Urea, 51,060 x 50kg bags of D compound fertilizers. Additional 3,456 x 50kg bags of D compound fertilizer was also received bringing the total expected revenue to K10,557,600. The deposits on the initial bank statement amounted to K10,553,600. Therefore, the under deposit was K4,000 for a transaction that was omitted by the bank on the initial bank statement. The updated bank statement showing this deposit was available for verification.

**Committee's Observations and Recommendations**

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

**Choma District**

The Controlling Officer submitted that the District was allocated and received 58,860 x 50kg bags of Urea, 60,860 x 50kg bags of D compound fertilizers, and the total expected revenue was K11,972,000 and not K12,352,200. The actual deposits amounted to K11,934,400. The under deposit was as a result of some farmers not depositing money for the inputs that were delivered late. The inputs worth K37,600 were carried over to 2014/2015 season. The reconciliation statement was available for verification.

**Committee's Observations and Recommendations**

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

**Sinazongwe District – K14,700**

The Controlling Officer submitted that there was an inter depot transfer of 134 x 50kg bags of urea fertilizer valued at K13,400 to Monze district. The warehouse Manager for Sinazongwe district could not account for 121 x50kg bags of D compound valued at K12,100 and 26 x 50kg bags of urea fertilizer valued at K2,600. The value of the lost inputs

would be deducted from the Warehouse Manager's claim which the Ministry had not yet paid to him.

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

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

#### **Monze District-K1,525,100**

The Controlling Officer submitted that an under deposit of K1,525,100 was noticed on the bank statement for Monze District. However, the deposits for the farmer organisations in question appeared under Mazabuka District bank statement. The bank statements for both Monze and Mazabuka, were available for verification.

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

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

ii. *Deposits not Reflecting on Bank Statements*

The Controlling Officer acknowledged that K79,500 for inputs issued out by the Lundazi District Agricultural Coordinator's Office for the FISP season under review did not reflect on the bank statement maintained at ZANACO. Follow-up was made with the bank and transactions amounting to K79,500 had been completed and were reflecting on the bank statements.

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

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

d) **Weaknesses in Management of Inputs**

i. *Late Delivery of Inputs*

The Controlling Officer submitted that the late delivery of inputs in all the affected districts was caused by non-commencement of the implementation of the E-voucher system and subsequent late procurement of inputs. During the initial procurement of inputs for the 2013/2014 season, the ten targeted E-voucher pilot districts were not included. Therefore, when a decision was made not to go ahead with the pilot e-voucher system in the ten districts, additional seed and fertilizer had to be procured. As a result of this decision, the procurement was late and hence the inputs initially planned for non-E voucher districts had to be shared with the E-voucher Districts which had not yet received any inputs.

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

Your Committee resolves to close the matter, but cautions the Controlling Officer against being indecisive on policy matters to avoid wasteful.

ii. *Expired Inputs-K207, 072*

The Controlling Officer acknowledged that there was carryover of seed and fertilizer in Chilanga, Siavonga, Solwezi, Kaoma, Lukulu and Luampa districts. However, as per normal practice after every season, the Seed Control and Certification Institute (SCCI) carried out a programme for testing of the carry over seed to determine whether it would pass the germination test. The seed that passed the test was carried over to the next season whilst that which failed the test was certified for destruction. All carry over seed was tested by SCCI and certificates were available for verification.

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

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

iii. *Un – acquitted for Farming Inputs-K54,000*

The Controlling Officer submitted that the anomaly was as a result of the delay by the Camp Agricultural Committees to collect the Goods Issued Vouchers (GIVs) due to logistical challenges. Farmers refused to sign until they had collected all the inputs and the inputs had since been properly acquitted.

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

Your Committee expresses concern that this anomaly has continued to be experienced in the Ministry year after year and urges the Controlling Officer to take concrete steps to correct the situation. Your Committee requests the Auditor General to note the matter in future audits.

iv. *Issuance of Inputs to Un – qualified Co-operatives-K232,200*

The Controlling Officer submitted that although the affected farmer groups had not existed for longer than a year as co-operatives, the camp Agricultural Committees used their discretion according to clause 6.1.1 subsection (ii), to consider them as special cases.

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

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

v. *Issuance of Inputs to Un – qualified Farmers-K209,300*

The Controlling Officer submitted on each of the named districts as set out below.

#### **Mongu**

The Controlling Officer submitted that an investigation on the matter had revealed that the farmers concerned met the criteria as outlined in the guidelines and were fully paid up members.

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

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

#### **Chienge**

The Controlling Officer submitted that the district had not updated the registers at the time of audit. However, the farmers' groups had since updated their registers accordingly.

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

Your Committee resolves to close the matter, but urges the Controlling Officer to ensure that all the registers for beneficiaries are updated at all times.

#### **Lundazi**

The Controlling Officer submitted that all the farmers were paid up members of their respective co-operatives. The only problem was that the farmer register submitted to the District was not updated.

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

Your Committee resolves to close the matter, but urges the Controlling Officer to ensure that all the registers for beneficiaries are updated at all times.

#### **Katete**

The Controlling Officer submitted that the District wrote to Tadzatalema MPC who had Goods Issued Notes (GINs).

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

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

#### **Sinazongwe**

The Controlling Officer submitted that the farmers qualified but the co-operatives did not present updated registers of paid up members. Updated registers were available for verification.

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

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

#### **Livingstone**

The Controlling Officer submitted that all the eleven co-operatives cited were approved and cleared as true recipients of inputs for the 2013/2014 farming season. The District took a spot check to verify the individuals, their NRCs and corresponding identity numbers.

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

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

#### **Kazungula**

The Controlling Officer submitted that the listed farmers who got inputs were all registered farmers with co-operatives.

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

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

vi. *Undelivered Farming Inputs-K1,571,070*

The Controlling Officer submitted in respect to Kitwe City that a comparison of quantities of allocated inputs to the district with quantities received, revealed that 5 x 10kg pockets of maize seed worth K800 were not received. This loss was caused by a transporter (Shan Motors) and the shortage would be deducted from the amount due to the transporter.

As regards underlined farming inputs to Mwinilunga, Kabompo, Kasempa, Lukulu and Luwingu, the Controlling Officer submitted that some fertilizer was not delivered by NCZ to the concerned districts and communication was made to this effect. The Nitrogen Chemicals Zambia had since delivered these inputs during the 2014/2015 season and all the remaining districts had received the allocated inputs.

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

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

vii. *Unaccounted for Inputs-K349,740*

#### **Chongwe**

The Goods Issued Notes (GINs) for affected farmers were not available at the time of audit because they were submitted late to the DACOs Office.

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

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

#### **Sinazongwe**

The unaccounted for inputs were due to losses incurred by the warehouse Manager and some inter – district transfer of some fertilizer from Sinazongwe to Monze.

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

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

#### **Choma**

The Controlling Officer submitted that at the time of audit, the inputs that were reportedly unaccounted for, were at the Warehouse Manager's shed.

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

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

#### **Kasempa**

The shortage was reported to Nitrogen Chemicals of Zambia which had committed itself to supply this quantity during the 2014/2015 season.

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

Your Committee resolves to await an update on the matter.

#### **Nkeyema**

The Controlling Officer acknowledged that eighty-one bags of D- Compound fertilizer were not accounted for, but that this happened at the Nitrogen Chemicals of Zambia (NCZ) warehouse that was expected to replace the unreleased bags of D-Compound during the 2014/2015, inputs distribution exercise. The replacement would be confirmed during the reconciliation exercise at the closure of the 2014/2015 FISP implementation.

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

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

viii. *Failure to Replace Damaged Inputs-K28,300*

The Controlling Officer submitted that all damaged fertilizer bags in the warehouses belonged to the suppliers as the Ministry only paid for fertilizer which was in good condition.



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

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

#### **e) Operational Funds**

- i. *Unaccounted for Stores-K18,000*  
The Controlling Officer submitted that disposal details and receipts for fuel had been provided for Luampa and Nkeyema Districts and were available for audit verification.

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

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

- ii. *Inadequately Supported Payments-K11,000*  
The Controlling Officer submitted that supporting documents were in respect of Kafue District and all the documents had since been found.

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

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

## **OFFICE OF THE PRESIDENT – LUSAKA PROVINCE**

AUDIT QUERY

PARAGRAPH 62

PROGRAMMES: Various

ACTIVITY: Various

### **Accounting and Other Irregularities**

62. An examination of accounting and other records maintained at Lusaka Provincial Administration and eight district administration offices carried out in March 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Missing Payment Vouchers-K87,475**

The Controlling Officer submitted that eleven payment vouchers valued at K35,541.56 had since been located and were available for verification leaving a balance of K51,933. Efforts were still being made to locate the remaining eight payment vouchers.

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

Your Committee urges the Controlling Officer to ensure that disciplinary action is taken against the erring officers and that all the remaining payment vouchers are traced and availed to auditors without any further delay. Your Committee resolves to await a progress report on the matter.

#### **b) Irregular use of Accounting Imprest-K544,514**

The Controlling Officer submitted that some of the goods and services procured using imprest were as a result of delayed funding in relation to the public functions taking place on specific dates. The other reason was that these were small requisites from the twenty-three departments and eight districts which made it difficult to obtain three quotations by the respective districts and departments by procurement unit. Management had, however, put in place measures to avoid occurrence. Further, all heads of departments and the District Commissioners had been directed to procure goods and services through the Procurement Unit.

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

Your Committee urges the Controlling Officer to ensure that accountable imprest is only used in accordance with Financial Regulations failure to which disciplinary action should be taken against the erring officers. Your Committee awaits a progress report on the matter.

c) **Unsupported Payments-K501,091**

The Controlling Officer submitted that all the supporting documents in respect of payments amounting to K501,091 had been traced.

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

Your Committee observes that failure to avail payments supported is a very serious omission and urges the Controlling Officer to put measures in place to avoid a recurrence. Your Committee also urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

d) **Irregular Payment of Lunch Allowances-K85,280**

The Controlling Officer submitted that meal allowances paid to officers and other staff members were paid for activities that were conducted outside the stations such as in Kafue, Lusaka, Chirundu, Rufunsa, Chongwe, Shibuyunji and Chilanga for outreach programmes in the communities under the Social and Community Departments. Further, due to the centralised nature of the payment system, officers who did cashiering work spent most of the time between Bank of Zambia and commercial banks to en-cash cheques for the twenty- three departments and eight districts which resulted in them working more than eight hours outside the working station.

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

Your Committee urges the Controlling Officer to ensure that there is strict monitoring on work hours for all officers to avoid abuse of the lunch allowance facility. Your Committee resolves to close the matter subject to audit verification.

e) **Unaccounted for Stores-K388,588**

The Controlling Officer submitted that stores items valued at K388,588 that were not accounted for during the audit had since been accounted for.

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

Your Committee observes that failure to account for stores is a very serious anomaly as without records it is not possible to establish whether goods were delivered and utilised by the right sections. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

f) **Gifts for Traditional Ceremonies-K114,122**

The Controlling Officer submitted that the practice had been to take various gifts to traditional ceremonies taking place in the province to their royal highnesses. It was, however, regrettable that such gifts were not signed for by the royal highnesses due to the nature and procedures during the ceremonies as a lot of dignitaries and the general public attended such functions.

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

Your Committee observes that this practice is open to abuse and urges the Controlling Officer to ensure that the gifts are signed for by a representative of the Royal Highness. Your Committee resolves to close the matter, but requests the Auditor General to note the matter in future audits.

#### **g) Irregularities in the Management of Fuel**

##### **i. *Unauthorised Fuel Drawings-K14,603***

The Controlling Officer submitted that all the fuel valued at K14,603 was duly authorised by the District Commissioner in Chilanga. The fuel ledgers and statements were available for verification.

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

Your Committee resolves to close the matter subject to audit verification. Your Committee however, urges the Controlling Officer to ensure such matters are clarified during audit.

##### **ii. *Unaccounted for Fuel - K92,497***

The Controlling Officer submitted that fuel valued at K92,497 under Chongwe District, Provincial Planning Unit and Water Affairs' had all been accounted for in the fuel ledgers and records were available for audit verification.

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

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

##### **iii. *Irregular Withdrawal of Fuel-K200,064***

The Controlling Officer submitted that after the creation of the districts in 2012, most of the newly created districts had a challenge of transport as only one vehicle was allocated to each district for use by the District Commissioners. The same transport was equally used by other staff members to carry out their assignments. The log books that were not availed for audit were now available for verification.

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

Your Committee expresses concern that the log books were not availed during audit which raised questions about their authenticity. Your Committee urges the Controlling Officer to take disciplinary action against the officers responsible for the poor record keeping. Your Committee awaits a progress report on the matter.

#### **h) Failure to Remit Tax to ZRA-K14,541**

The Controlling Officer submitted that tax due to Zambia Revenue Authority amounting to K14,541.18 was remitted on 26<sup>th</sup> September, 2014. The delay was due to insufficient funds at the time of audit.

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

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

i) **Undelivered Furniture-K7,180**

The Controlling Officer submitted that all the furniture procured by Chirundu and Rufunsa District Administrations valued at K7,180 had since been delivered to the respective stations.

**Committee's Observations and Recommendations**

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

**OFFICE OF THE PRESIDENT – LUSAKA PROVINCE - HEADQUARTERS**

AUDIT QUERY

PARAGRAPH 63

PROGRAMME:

General Deposit Account

ACTIVITIES:

Various

**Accounting and Other Irregularities**

63. An examination of accounting and other records maintained at the Provincial Administration carried out in March, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Rehabilitation of Kabwata Cultural Village**

The Controlling Officer submitted that the Buildings Engineer's report estimated that K92,465.10 would cater for sixteen chalets. However, this amount only managed to cater for twelve chalets leaving out four due to insufficient funds. The Province had, however, received funding that would be used to complete the remaining works for the four chalets. The Province had since requested Buildings Department to provide the BOQ for these works.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Provincial Administration got the estimates wrong and urges the Controlling Officer to take disciplinary action against the Buildings Engineer for the anomaly. Your Committee also urges the Controlling Officer to ensure that the rehabilitation works are done without further delay. Your Committee awaits a progress report on the matter.

b) **Unaccounted for Stores - Youth Day Celebrations-K4,800**

The Controlling Officer submitted that disposal details for the twenty t- shirts valued at K4,800 had fully been traced and the distribution list was available for verification.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but is concerned that the T-shirts were bought at an exorbitant price of K240 each which is highly unacceptable. Your Committee requests the Auditor General to verify the matter to establish whether procurement procedures are followed. Your Committee awaits a progress report on the matter.

c) **Failure to Retire Accountable Imprest – Chiefs Affairs - K7,000**

The Controlling Officer submitted that accountable imprest amounting to K4,500 and K2,500, respectively had since been retired.

**Committee's Observations and Recommendations**

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

**Accounting and Other Irregularities**

64. An examination of accounting and other records maintained at the Provincial Administration Office and a physical inspection of projects carried out in March, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Construction of a Guard House at the Provincial Administration Office-K47,258**

The Controlling Officer submitted that the cost of the original scope of works was K95,558 but the office only had K50,000 for the project and, therefore, the scope of works was adjusted to K47,258. The plumbing installation, soil water drainage and some electrical installations were removed from the works to be done.

**Committee's Observations and Recommendations**

Your Committee observes with concern that audit queries of such nature can be resolved with the auditors at the time of audit. Your Committee resolves to close the matter subject to audit verification.

b) **Construction of Community Hall – Shibuyunji District K40,697**

i. *Unaccounted for Funds-K1,697*

The Controlling Officer regretted that no records were availed to the external auditors at the time of audit. However, the bank statement for the association for the period 1<sup>st</sup> January, 2014 to 14<sup>th</sup> February, 2014, showed a balance of K1,697. This bank account was for the Shibuyunji Women's Association. A copy of the statement was available for audit verification.

**Committee's Observations and Recommendations**

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

ii. *Unaccounted for Building Materials*

The Controlling Officer submitted that disposal details for the nineteen bags of cement were available for audit verification. The construction of the Shibuyunji Community hall was on-going and the defects raised by the Office of the Auditor-General were being addressed.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to ensure that documents are properly secured and is urged him to take disciplinary action against the erring officers. The Controlling Officer is further urged to strengthen internal controls. Your Committee awaits a progress report on the matter.

c) **Wasteful Expenditure - Drilling of Emergency Boreholes-K10,560**

The Controlling Officer admitted that the three hand pumps were not installed at the time of audit. Two of these pumps had since been installed at Kabweza Clinic in Kafue District and Katondwe Girl's school in Luangwa which had urgent need for the hand pumps. The third hand pump was yet to be installed at an institution yet to be identified.

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

Your Committee expresses concern at the failure by the Controlling Officer to ensure that procurement of pumps was done taking into consideration specifications requested. Your Committee urges the Controlling Officer to ensure that the erring officers are disciplined and that the remaining pump is installed without any further delay. Your Committee awaits a progress report on the matter.

### **d) Rehabilitation of Dams**

#### **i. *Rehabilitation of Sikongo Dam-K159,240***

The Controlling Officer submitted that the Province contracted Halifax Investments Ltd to rehabilitate Sikongo Dam in Chirundu District at a contract sum of K260,961.14. The Controlling Officer added that the stumps that were there were left to hold up the soil until such a time when the grass germinated. He added that the planting of grass on the contour ridge was not part of the contract.

Regarding the extension of the time frame for fourteen days, the Controlling Officer submitted that this was because of the challenges faced by the contractor as the earth moving equipment that was being used kept getting stuck due to the wet condition of the soil at that time. Therefore, the contractor had to demobilise until such a time that the conditions improved. The extension was agreed upon verbally between the contractor and the supervisor on site and was not in writing considering the short completion period of fourteen days. However, works on Sikongo Dam had been successfully completed.

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

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

### **e) Rehabilitation of Zimba Zimba Dam**

The Controlling Officer submitted that the dam was extensively damaged on 13<sup>th</sup> February, 2014, by the flash flood that occurred on that day. The retaining wall was damaged and this resulted in the Province requesting for more funds for the project. This also required a variation in the design of the headwall and the retaining wall. The authority for variation and to engage the same contractor was given a "no objection" by the Zambia Public Procurement Authority. The headwall and the retaining wall would have to be re-done at the same time. The seal on the spill way that was said to be eroded was still intact and the foundation that was exposed would be backfilled by the contractor and leveled up. The embankment that was washed away as a result of the flash flood would be constructed after the construction of the head and retaining walls. The cracks that had developed in the drop structure had been mended while the backfilling of the wash away would only be done after the headwall was constructed. The Controlling Officer had requested for extra funds from the Treasury for the additional works.

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

Your Committee urges the Controlling Officer to ensure that the works are completed expeditiously and funds are sourced to finish the project satisfactorily. Your Committee awaits a progress report on the matter.

**Accounting and other irregularities**

65. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in May, 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unsupported payments K375,385**

The Controlling Officer submitted that all the documents required were now available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to ensure that documents are properly secured and urges him to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

b) **Unrecovered Funds Paid in Advance to the Filling Station - K16,310**

The Controlling Officer submitted that on 17<sup>th</sup> December, 2013, RRU purchased fuel worth K36,600 from Petrolink Ltd in Chirundu district for the rehabilitation of the Kabanana/Chisakila Road. The heavy grading activity was executed except culvert installation. Fuel worth K20,286.56 was drawn leaving a balance of K16,313.44 before the closure of the filling station. The follow up had been done on the matter as per correspondence with the company manager who was based in Ndola. The company manager stated that the matter was being followed up with the insurance company to see how the amount could be reimbursed.

**Committee's Observations and Recommendations**

Your Committee awaits a progress report on the matter.

c) **Undelivered Stores Items-K197,085**

The Controlling Officer acknowledged that K197,085 was paid to four suppliers for the purchase of various stores items that were not supplied during the period of audit. The Controlling Officer further submitted that the stores items had since been supplied and were ready for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to ensure that stores items are delivered in time and urges the Controlling Officer to put measures in place to avoid the repeat of the situation. Your Committee resolves to close the matter subject to audit verification.

d) **Unaccounted for Spare Parts**

The Controlling Officer submitted that the records were available for audit verification.

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

Your Committee expresses concern at the failure by the Controlling Officer to ensure that spare parts were accounted for during audit. Your Committee resolves to close the matter subject to audit verification.

e) **Failure to Execute Funded Projects-K1,328,528**

The Controlling Officer submitted that six roads had been worked on and completed, while one constituency road was not done because the road was appearing on the Road Development Agency (RDA) L-400 program. Two roads were also under the RDA Link Zambia 8000km. These were D566 and Palabana- Moono Road. The funds for these roads were varied to other roads. The remaining three roads had been carried over due to inadequate equipment. The remaining three roads would be worked on after the completion of Chirundu and Rufunsa projects, respectively. These roads were Chomba and Chipako.

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

Your Committee does not accept the reason given by the Controlling Officer for failure to execute the funded works. Your Committee urges the Controlling Officer to ensure that all the roads are thoroughly supervised and completed without any further delay. Your Committee awaits a progress report on the matter.

f) **Rehabilitation of Roads in various Districts in Lusaka Province**

The Controlling Officer submitted that poor workmanship which was observed on some roads was mainly due to inadequate heavy duty equipment. Most of the roads were in a deplorable state and required not just grading, but gravelling. The Unit had at the moment two sets of equipment to do gravelling and could only work on two roads at a time. The remaining roads had to be graded, but unfortunately defects appeared quickly on the graded roads as compared to the graveled ones.

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

Your Committee urges the Controlling Officer to ensure that all the remaining works are thoroughly supervised and completed without any further delay. Your Committee awaits a progress report on the matter.

#### **D177 Kalubwe Road**

The Controlling Officer submitted that the defects were worked on, but due to heavy trucks carrying sand and heavy rains experienced, the road had since been damaged. It had since been recommended that the Road Development Agency should take up responsibility of the road by upgrading it to bituminous standard.

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

Your Committee urges the Controlling Officer to expedite the process of undertaking works on the road again. Your Committee awaits a progress report on the matter.

#### **D158 Old Kafue**

The Controlling Officer submitted that the Unit worked and completed 20 kilometers of the road. The dumps had since been spread while the remaining 4km stretch that was remaining had since been worked on by the contractor who had set up a quarry in the area.



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

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

#### **D170 Old Mumbwa Road**

The Controlling Officer submitted that the defects observed on the road had been repaired.

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

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

#### **D482 (Ng'ombe Ilede and Ibwe Munyama Roads)**

The Controlling Officer submitted that the defects were being attended to.

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

Your Committee awaits a progress report on the matter.

#### **20KM Chongwe Roads**

The Controlling Officer submitted that the defects had already been attended to.

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

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

#### **Mutumbisha Road - 8.6 Km**

The Controlling Officer submitted that the defects on the road were not worked on as it was not funded in the year 2014. The Unit would work on it since the equipment was in the area.

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

Your Committee awaits a progress report on the matter.

#### **Chishiko- Kabeleka Road - 5.5 Km**

The Controlling Officer submitted that the defects on the road were not worked on as it was not funded in the year 2014. The Unit would work on the road since the equipment was in the area.

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

Your Committee awaits a progress report on the matter.

#### **Nchute – Lukoshi Road – 4.3 Km**

The Controlling Officer submitted that the defects on this road had not yet been attended to by the Unit. This would, however, be done since the equipment was now in the area.

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

Your Committee awaits a progress report on the matter.

#### **Mpango Road- 7.8 Km**

The Controlling Officer submitted that the defects on this road had not yet been attended to by the Unit but this would be done now since the equipment was in the area.

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

Your Committee awaits a progress report on the matter.

### **Waterfalls Road**

The Controlling Officer submitted that the defects on this road had not yet been attended to by the unit. This would, however, be done since the equipment was now in the area.

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

Your Committee awaits a progress report on the matter.

### **Mukamambo II Road**

The Controlling Officer submitted that this road was worked on and was ready for audit verification.

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

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

### **Luangwa – Other Roads**

The Controlling Officer submitted that the defects noticed on Mulamba Chikokota, Engine, Mangelele, Janeiro and Hospital Roads were not attended to because the Unit spent more time and resources on heavy grading and gravelling of Chilombwe road as requested by the District. Culverts had not been installed due to lack of funds.

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

Your Committee awaits a progress report on the matter.

### **D164 Makeni Road- Chilanga District**

The Controlling Officer submitted that the defects had been attended to.

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

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

### **D168 Kacheta Road- Chilanga District**

The Controlling Officer acknowledged the observation made, but due to inadequate equipment, he pledged that the defects would be attended to when the equipment was in the area.

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

Your Committee awaits a progress report on the matter.

### **D169 Nampundwe Road- Shibuyunji District**

The Controlling Officer submitted that works on the road had been completed and were ready for verification.

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

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

### **Kabanana/Chisakila Road - Kafue District**

The Controlling Officer submitted that the installation of culverts at km 3.7 was not done due to lack of funds.

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

Your Committee urges the Controlling Officer to secure funds for the completion of the work. Your Committee awaits a progress report on the matter.

### **20KM - Other Roads in Chirundu**

The Controlling Officer submitted that the roads in question had been worked on.

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

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

## **OFFICE OF THE PRESIDENT-COPPERBELT PROVINCE**

### **AUDIT QUERY**

PARAGRAPH 66

PROGRAMME : General Administration

ACTIVITY : Various

### **Accounting and Other Irregularities**

66. An examination of accounting and other records maintained at the Provincial Administration and district offices, carried out in March, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Missing Payment Vouchers-K13,399**

The Controlling Officer submitted that the two payment vouchers in respect of a total amount of K13,399.41 had not been traced. However, measures had been put in place to secure all paid vouchers such as restricting entry to the record room.

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

Your Committee urges the Controlling Officer to ensure that the missing payment vouchers are traced. Your Committee also urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee awaits a progress report on the matter.

#### **b) Unsupported Payment Vouchers-K741,397**

The Controlling Officer submitted that out of 123 payment vouchers in amounts totalling K741,397, payment vouchers in amounts totalling K106,198.55 involving nineteen payment vouchers had since been supported leaving a balance of K635,198.45 unsupported. The Controlling Officer added that measures had also been put in place to ensure that payments were only paid if all supporting documents were attached.

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

Your Committee expresses concern that the Provincial Administration has not made much effort in having the payments supported. Your Committee, therefore, urges the Controlling Officer to ensure that the remaining payment vouchers in respect of an amount of K635,198.45 are supported and availed for audit verification without further delay. Your Committee awaits a progress report on the matter.

c) **Operations of District Commissioners' Offices**

- i. *Unaccounted for Disbursements - K335,738.84*  
The Controlling Officer submitted that out of a total amount of K1,113,504 released for district administration for operations, the Provincial administration made payment on such items as settling allowances, leave and terminal benefits on behalf of the District Commissioner before funds were transferred to districts. However, the Head of Accounting Unit had since been directed to transfer all funds to districts for operations as District Commissioners had their own accounting officers at the district. Urgent payments on behalf of these districts would only be made with full authority of the Controlling Officer.

**Committee's Observations and Recommendations**

Your Committee notes the measures put in place by the Controlling Officer and resolves to close the matter subject to audit verification. Your Committee, however, requests the Auditor-General to note the matter in future audits.

- ii. *Unvouched Expenditure-K65,369*  
The Controlling Officer submitted that out of twenty-one, payment vouchers in amounts totalling K65,369, payment vouchers in amounts totalling K17,625 involving five payment vouchers had since been supported and were available for verification. The Controlling Officer assured your Committee that measures had also been put in place to ensure that payments were only made if all supporting documents were attached.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Provincial Administration has not managed to have the expenditures in question vouched. Your Committee, therefore, urges the Controlling Officer to ensure that all the remaining expenditures in respect of an amount of K47,740 are vouched without further delay. Your Committee awaits a progress report on the matter.

- iii. *Unretired Imprest-K223,062*  
The Controlling Officer submitted that imprest in amounts totalling K41,215.23 involving eleven payment vouchers had since been retired leaving a balance of K181,847.77 unretired. The K181,847.77 would be recovered from the officers concerned.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification, but advises the Controlling Officer to put measures in place to prevent the reoccurrence of the anomaly.

- iv. *Unaccounted for Stores-K123,877*  
The Controlling Officer acknowledged that stores items and fuel purchased by various District Commissioners during the period under review, had no receipts and disposal details totalling K123,877. This was due to lack of qualified officers at the District Commissioner's offices. Efforts were being made to train officers in basic procurement and stores management to counter this inadequacy.

**Committee's Observations and Recommendations**

Your Committee observes that the reasons for the anomaly advanced by the Controlling Officer are unacceptable as it is the Administration's responsibility to ensure that measures for accountability of stores were in place. Your Committee urges the Controlling Officer to

ensure that all the remaining stores documents are traced and availed for audit verification without further delay. Your Committee awaits a progress report on the matter.

**OFFICE OF THE PRESIDENT- COPPERBELT PROVINCE**

AUDIT QUERY

PARAGRAPH 67

PROGRAMME

General deposit account

ACTIVITIES

Various

**Accounting and Other Irregularities**

67. An examination of accounting and other records maintained at the Provincial Administration and district offices, carried out in March, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to Reimburse Borrowed Funds-K279,657.63**

The Controlling Officer acknowledged that during the period under review, amounts totalling K279,657 were borrowed from the General Deposit Account for various office operations due to erratic funding. A plan had been put in place to start recovering those funds and units had been informed accordingly.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Controlling Officer has not been proactive enough to take measures to refund the funds borrowed from the General Deposit Account. Your Committee urges the Controlling Officer to ensure that reimbursements are made without further delay. Your Committee resolves to await a progress report on the matter.

b) **Works at the Levy Mwanawasa Stadium Car Park- Shoddy works**

The Controlling Officer submitted that the defects had not been attended to because the funds sent were only meant for the clearing, grading and levelling to create a parking space and not to construct a modern car park. A total of K223,693.10 was received and K120,815.10 was expended in 2012, leaving a balance of K102,878.00. In the year 2013, K19,101.85 was spent on wages while K53,361.83 was spent on fuel leaving a balance of K30,414.32.

**Committee's Observations and Recommendations**

Your Committee expresses concern that the Provincial Administration did not heed its earlier recommendation to have the defects corrected. Your Committee reiterates its earlier recommendation for the Provincial Administration to have the defects rectified and keep the car park in a usable state. Your Committee awaits a progress report on the matter.

c) **Rehabilitation Works at Fatima Girls-K336,885**

The Controlling Officer submitted that the cracking of the floors was not as a result of the laying off the polished terrazzo floor, but due to structural failure of the existing concrete floor constructed in the 1950s. The peeling off of the spoon drain was because of the neglected storm water falling freely from the double storey roof gutter directly onto the exposed concrete thereby wearing it out. The Controlling Officer noted that following the advice from the Buildings Department, the school administration, through their maintenance officer, would repair and/or replace the gutter and drain.

**Committee's Observations and Recommendations**

Your Committee observes that the Provincial Administration and the Ministry of Transport, Works,

Supply and Communications erred by omitting the defect liability clause. Your Committee urges the Controlling Officer to ensure that all the defects are rectified without further delay. Your Committee awaits a progress report on the matter.

d) **Renovation of Riverside Forest Research Laboratories – K332,987**

The Controlling Officer acknowledged that an amount of K332,987.44 was received by the Provincial Administration for the renovation of the laboratory at Riverside Research Station and no works were done. The Controlling Officer submitted that the delay was caused by the user department in making the request. However, on 9<sup>th</sup> September, 2014, a payment in the sum of K8,199 was drawn to facilitate tendering for the rehabilitation works. The contract was awarded to Brumat Minerals Limited at a total cost of K289,985 with a completion period of five weeks, but the works had not commenced as the contract was awaiting clearance from the Ministry of Justice. The Procurement Unit had been instructed to ensure that works commenced as soon as possible by ensuring the contract was cleared by the Ministry of Justice.

**Committee’s Observations and Recommendations**

Your Committee observes that the failure to execute the project despite it being fully funded is unacceptable and urges the Controlling Officer to ensure that works are completed without delay. Your Committee awaits a progress report on the matter.

**OFFICE OF THE PRESIDENT- COPPERBELT PROVINCE**

AUDIT QUERY

PARAGRAPH 68

PROGRAMME

Poverty Reduction Programmes

ACTIVITIES

Various

**Accounting and Other Irregularities**

68. An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects carried out in July, 2014 ,revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unsupported Payments-K59,075**

The Controlling Officer submitted that from the total amount of K59,075 of the unsupported payments, K19,575 had since been supported leaving a balance of K39,500. The supplier Lehipris investment had failed to deliver and a demand letter had since been issued for a refund. The Provincial Administration had also written to the Attorney-General for legal advice. The Controlling Officer assured your Committee that going forward, would only be paid upon delivery of goods and services.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the supplier is pursued to deliver the goods or refund the balance of K39,500. Your Committee awaits a progress report on the matter.

b) **Irregular Payment-Purchase of Dredger-K2,967,275**

The Controlling Officer submitted that K2,967,275 was paid to Jeremy Enterprises Limited for the supply of the dredger for the Water Affairs Department. The dredger had since been delivered and was fully operational. The Provincial Administration had in place measures to ensure that the contracts for suppliers were signed before works started.

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

Your Committee finds no justifiable reason for the Provincial Administration to have made the down payment to the contractor before the contract is signed. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against the officers responsible for this error of judgment as procurement procedures were flouted. Your Committee resolves to await a progress report on the matter.

c) **Rehabilitation of Masaiti Dam-K87,984**

The Controlling Officer submitted that an amount totalling K130,750 were released for the rehabilitation of Masaiti Dam from the total budget of K350,000 in the year 2013. The Provincial Administration had managed to procure the building materials. Further, an amount of K350,000 had been budgeted for in the 2015 budget for the completion the dam.

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

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

## **OFFICE OF THE PRESIDENT-COPPERBELT PROVINCE**

### **AUDIT QUERY**

PARAGRAPH 69

PROGRAMME : Rural Roads Unit  
ACTIVITIES Various

### **Accounting and Other Irregularities**

69. An examination of accounting and other records maintained at the Provincial Administration carried out in July, 2014, revealed accounting and other irregularities on which the Controlling Officer submitted as set out below.

a) **Unsupported Payments-K193,770**

The Controlling Officer submitted that payment vouchers totalling K193,770 had since been supported with relevant documents and in future, the Procurement Unit would ensure that the supporting documents were attached immediately the payments were made.

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

Your Committee notes that this is a serious omission and urges the Controlling Officer to take disciplinary action against the officers involved in order to curb the vice. Your Committee awaits a progress report on the matter.

b) **Undelivered Stores-K2,579,332**

The Controlling Officer acknowledged that amounts totalling K2,579,332 were paid to various suppliers for the supply of various stores items, but the goods had not been delivered. The Controlling Officer, however, informed your Committee that materials totalling K887,196.04 had since been delivered leaving a balance of K1,692,135.96 and the office had written to the suppliers to refund the money. Further, the Provincial Administration had also written to the Attorney-General who had taken over the matter to recover the debt. Going forward, the Administration would ensure that bank guarantees or insurance bonds were obtained before payment to suppliers was made.

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

Your Committee expresses concern that goods paid for amounting to K1,692,135.96 have not been delivered. Your Committee observes that failure to deliver goods after being paid in full is tantamount to obtaining money by false pretences and urges the Controlling Officer to report the matter to the Police. Your Committee awaits a progress report on the matter.

c) **Unaccounted for Fuel-K2,198,130**

The Controlling Officer submitted that fuel totalling K2,198,130 had since been utilised and disposal details had since been attached.

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

Your Committee expresses concern that such a huge amount was not accounted for during the audit process and urges the Controlling Officer to take disciplinary action against the officers responsible for the omission. Your Committee awaits a progress report on the matter.

d) **Unretired Imprest-K7,750**

The Controlling Officer submitted that imprest totalling K7,750 had since been retired.

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

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

e) **Failure to deliver a Grader-K1,628,431**

The Controlling Officer acknowledged that an amount of K1,628,431 was paid to Remus Industrial Limited to supply a grader, but the supplier had failed to deliver and the contract was terminated and a demand letter of refund was issued to the supplier. Further, the Office had written to the Attorney-General for legal advice.

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

Your Committee expresses concern that the Provincial Administration paid the supplier in full which is contrary to procurement guidelines. Your Committee also observes that failure to deliver goods after being paid in full is tantamount to obtaining money by false pretences and urges the Controlling Officer to report the matter to the Police. Your Committee also urges the Secretary to the Treasury to refer the matter concerning flouting of procurement procedures to the relevant investigative wings of the Government for investigations. Your Committee awaits a progress report on the matter.

## **OFFICE OF THE PRESIDENT- CENTRAL PROVINCE**

AUDIT QUERY

PARAGRAPH 70

PROGRAMME:

Infrastructure Development - Rural

ACTIVITIES:

Roads Unit

### **Accounting and Other Irregularities**

70. An examination of accounting and other records maintained at the Provincial Administration Office and a physical inspection of selected projects carried out in January, 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.



a) **Undelivered Stores Items-K100,722**

The Controlling Officer submitted that stores items costing K100,722 were delivered during the year 2014 and the Auditor-General had since recommended the matter for closure.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

b) **Unaccounted for Fuel-K543,720**

The Controlling Officer submitted that disposal details for fuel costing K543,720 were availed for audit during the year 2014 and the Office of the Auditor-General had since recommended the matter for closure. The Management had implemented a system where all fuel was accounted for using a ledger system and log books.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

c) **Fuel Drawn by a Non-runner Vehicle – GRZ 893CB**

The Controlling Officer submitted that records to show that the vehicle in question was used to monitor road projects were availed for audit during the year 2014 and the Office of the Auditor-General had since recommended the matter for closure.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter.

**OFFICE OF THE PRESIDENT - NORTHERN PROVINCE - RURAL ROADS**

**DEPARTMENT**

**AUDIT QUERY**

PARAGRAPH 71

PROGRAMMES: Various

ACTIVITIES: Various

**Accounting and Other Irregularities**

71. An examination of accounting and other records maintained at the Provincial Administration Office and a physical inspection of selected projects carried out in March, 2014, revealed accounting and other irregularities to which the Controlling Officer submitted as set out below.

a) **Failure to Reimburse Borrowed Funds-K963,960**

The Controlling Officer acknowledged that amounts totalling K963,960 were borrowed from PRP activities at the Provincial Administration Office and only K642,495 had been reimbursed leaving a balance of K321,465. The Controlling Officer explained that this was because the Provincial Administration faced funding challenges and funds were borrowed with a view to reimburse upon receipt of RDC funds. A request for variation of these funds was done on 25<sup>th</sup> July, 2014 and the Secretary to the Treasury had given retrospective authority to vary the funds.

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

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to desist from varying funds meant for Poverty Reduction Programmes as this act hindered development.

b) **Irregular Payment of Value Added Tax (VAT)-K105,918**

The Controlling Officer submitted that the anomaly was because the Provincial Administration took it for granted that the Valid Tax Clearance Certificate the companies had at the time of the contract award meant that they were compliant in remitting tax. In order to correct the anomaly, the Provincial Administration had engaged the Zambia Revenue Authority (ZRA) to compel the companies in question to remit VAT to the Government and ZRA made an assurance to take up the matter. Additionally, letters were written to the contractors asking them to refund the money they charged as VAT.

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

Your Committee observes that it was an act of gross negligence on the part of the officers who included an amount of K105,918 as Value Added Tax (VAT) even when it was clear from the invoice that the suppliers in question were not VAT registered. Your Committee further observes that this is clear theft on the part of the suppliers and urges the Provincial Administration to report the matter to the Police. Your Committee further urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee resolves to await a progress report on the matter.

c) **Irregular Award of Contracts-K67,510**

The Controlling Officer acknowledged that the Luwingu District Administration office awarded five contracts in amounts totalling K67,510 to Chisungusho Contractors for the supply and delivery of tyres and building materials. The Controlling Officer further acknowledged that Chisungusho Contractors belonged to the spouse of the District Commissioner and that further K24,174 was paid to the Commissioner's spouse for various transportation services rendered. The matter had been handed over to the Anti-Corruption Commission for further investigations.

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

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

## **OFFICE OF THE PRESIDENT - NORTHERN PROVINCE - RURAL ROADS**

### **DEPARTMENT**

AUDIT QUERY

PARAGRAPH 72

PROGRAMMES: VARIOUS

ACTIVITIES: VARIOUS

### **Accounting and other Irregularities**

72. An examination of accounting and other records maintained at the Provincial Administration Office and a physical inspection of selected projects carried out in March 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Rehabilitation of Feeder Roads – Luwingu District – K173,912**

i. *Irregular Payment to the Contractor-K65,565*

- Overpayment of Advance payment- K32,785

The Controlling Officer acknowledged that the District Administration office paid a total of K65,565 (30% of the contract sum) as an advance payment for mobilization instead of K32,785 (15% of the contract sum). The District Commissioner had been asked to explain why a 30% advance payment was made.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to report the matter to investigative wings for further investigations and provide a progress report on the matter.

- **Payment after Termination of Contract - K10,000**

The Controlling Officer submitted that the District Commissioner had explained that the K10,000 paid to the contractor was made as the last payment to him for the works which the contractor did during the contract period. The Controlling Officer noted that the District Commissioner lacked understanding of the procurement procedures and as a result the Provincial Administration had withdrawn the administration of funds for Rural Roads Unit (RRU) and PRP project funds to the District Commissioner’s office in Luwingu until full orientation on procurement was done.

**Committee’s Observations and Recommendations**

Your Committee observes that the manner the procurement was conducted leaves much to be desired and urges the Controlling Officer to report it to relevant investigative wings for further investigations. Your Committee awaits a progress report on the matter.

ii. *Failure to Enforce Performance Security Bond*

The Controlling Officer acknowledged that after the failure by the contractor to execute the works, the District Administration Office did not enforce a claim on the Performance Security Bond with the guarantor. The District Commissioner had been directed to recover the full amount of the Performance Security Bond from the Director of Works. Unfortunately, the officer was no longer working for Luwingu District Council and the Provincial Administration had contacted the Ministry of Education to find a way of recovering the money from the officer.

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that District Commissioners are adequately oriented in critical areas of procurement procedures. Your Committee resolves to await a progress report on the matter.

**OFFICE OF THE PRESIDENT – WESTERN PROVINCE**

AUDIT QUERY

PROGRAMME:

General Administration

ACTIVITIES:

Various

PARAGRAPH 73

**Accounting and Other Irregularities**

73. An examination of accounting and other records maintained at Provincial and District Administrations carried out between January and March, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unretired Imprest - K80,864**

The Controlling Officer submitted that imprest in amounts totalling K27,618 had since been retired and retirement documents were available for verification. The balance amounting to K28,500 related to direct payments for casual workers while K1,214 was a direct payment to the Provincial Minister for fuel from Lusaka and back when she was called to inspect some developmental projects in Nkeyema.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to ensure that officers provide documentary evidence during the time of audit. Your Committee urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

b) **Over-payment of Fuel Imprest - K3,440**

The Controlling Officer submitted that the overpayment had since been recovered from the concerned officer's salary arrears.

**Committee's Observations and Recommendations**

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

c) **Irregular use of Accounting Imprest to Procure Goods and Services-K33,017**

The Controlling Officer submitted that in order to ensure adherence to Financial Regulations, a letter was written to all the District Administrations and Heads of Government Departments urging them to desist from using imprest to procure goods and services whose values were obtainable on the market. The letter was available for audit verification.

**Committee's Observations and Recommendations**

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

d) **Irregular Issuance of Imprest**

i. *Irregular Issuance of Subsequent Imprest-K4,100*

The Controlling Officer submitted that overlapping imprest amounting to K4,100 with respect to the former District Commissioner for Sioma who had been retired from the Civil Service had since been recovered from his terminal benefits. The recovery evidence was now available for verification.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to strengthen internal controls in order to avoid similar anomalies. Your Committee resolves to close the matter.

ii. *Irregular Issuance of Subsequent Imprest-K1,400*

The Controlling Officer submitted that the overlapping imprest amounting to K1,400 with respect to the former District Commissioner for Sioma who had since been retired from the Civil Service had been recovered from his terminal leave benefits. The recovery evidence was available for verification.

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

Your Committee resolves to close the matter subject to audit verification

- iii. *Irregular Payment of Imprest- K3,000*  
The Controlling Officer submitted that the overlapping five nights amounting to K3,000 imprest involving Kaoma District Commissioner had been recovered from his claim. The recovery evidence was available for verification.

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

Your Committee resolves to close the matter subject to audit verification

#### e) **Questionable Payment and Retirement of Imprest**

- i. *Nkeyema District Commissioner-K15,000*  
The Controlling Officer submitted that the questionable claim of K15,000 with respect to the District Commissioner for Nkeyema District was being recovered from his salary.

As regards imprest paid to the driver, the Controlling Officer submitted that due to lack of drivers in Kaoma, a driver from Kaoma Trades, a Government department which had drivers, was used to drive the District Commissioner to Mulobezi on official duty. Unfortunately, they were unable to recover the amount of K1,500 through the payroll which was questionably paid to him by the Office of the District Commissioner (Nkeyema). However, a letter had been written to the Principal of Kaoma Trades Training Institute to recover the amount on their behalf and remit the amount to them.

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

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

- ii. *Failure to Recover Imprest-K3,000*  
The Controlling Officer stated that the driver who was paid the questionable imprest was deceased and the questionable claim of K3,000 had since been recovered from his terminal benefits.

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

Your Committee resolves to close the matter subject to audit verification but urges the Controlling Officer to strengthen internal controls in order to avoid similar anomalies.

#### f) **Questionable Payment for Accommodation and Meals-K7,007**

The Controlling Officer stated that expenditure amounting to K7,007, which was incurred by two (02) District Commissioners for their stay at Mongu Lodge without indicating the purpose for which they had travelled to Mongu, had since been recovered from the respective District Commissioners' terminal benefits.

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

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to strengthen internal controls in order to avoid similar anomalies.

g) **Over – payment of Fuel Allowance K1,913**

The Controlling Officer submitted that the amount of K1,913.29 which was overpaid to the former acting Deputy Permanent Secretary for the month of June, 2013, had since been recovered.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification

h) **Unaccounted for Stores - K77, 236 (General stores – K65,756 and Fuel – K11,480)**

The Controlling Officer submitted that receipt and disposal details for stores item costing K61,637 were available for verification.

**Committee’s Observations and Recommendations**

Your Committee observes that failure to account for stores is a very serious offence which should not be condoned. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee also urges the Controlling Officer to provide documentary evidence to the auditors for verification. Your Committee awaits a progress report on the matter.

i) **Irregularities in Management of Fuel - K745, 458**

i. *Fuel Drawn by Unknown Vehicles - K1,196*

The Controlling Officer stated that fuel drawn without indicating the registration numbers amounting to K1,196 had been recovered from the officer who authorised the drawing of fuel.

**Committee’s Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to strengthen internal controls in order to avoid similar anomalies. Your Committee resolves to close the matter.

ii. *Fuel Drawn by Officers at Level of GSS 03 and above (L and above)*

The Controlling Officer submitted that although Cabinet Circular No. 7 did not permit officers in category GSS3 to GSS1 (L to M) to use Government pool fuel, some vehicles from Provincial Administration and District Administration which were assigned to officers entitled to fuel allowance, had to use Government pool fuel because these vehicles were also used as pool vehicles being the only vehicles available at their stations to attend to Government Programmes. Therefore, the fuel drawn by the vehicles was used on station programmes.

**Committee’s Observations and Recommendations**

Your Committee notes the submission, but directs the Controlling Officer to provide documentary evidence on the matter and only then will the matter be closed.

iii. *Unrecovered Salary and Tuition Advances-K60,400*

The Controlling Officer submitted that salary advances amounting to K29,000 had been recovered from salaries of the concerned officers. The balance totalling K31,400 would be recovered from the terminal benefits of retired officers.

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

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to strengthen internal controls in order to avoid similar anomalies. Your Committee resolves to close the matter subject to verification.

### **OFFICE OF THE PRESIDENT – WESTERN PROVINCE**

#### **AUDIT QUERY**

PARAGRAPH 74

Programme

General Deposit Account

Activities

Various

#### **Accounting and Other Irregularities**

74. An examination of accounting and other records maintained at the Provincial Administration and physical inspection of selected projects carried out in March 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Un – classified Disbursements - K195, 220**

The Controlling Officer submitted that a letter was written to the Ministry of Youth and Sport to provide documentation for funds amounting to K90, 000 that were sent to Western Province to cater for expenses during the appraisals of Youth Development Funds. Further, the Province had engaged the Ministry of Finance to provide documentation in respect of funds amounting to K105,000 that was remitted to Western Province during 2014.

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

Your Committee expresses concern at the failure by the Provincial Administration to provide documents relating to the amount that was remitted to them from Ministry of Youth and Sport and Ministry of Finance. Your Committee sternly cautions the Controlling Officer to desist from misleading your Committee and directs him to provide the documentary evidence to the auditors without any further delay. Your Committee awaits a progress report on the matter.

b) **Excess Payment of Subsistence Allowance - K47,133**

The Controlling Officer apologised to your Committee in the way the dates were indicated on the retirement forms by the officers when retiring the imprest in question. The Controlling Officer explained that the officers had used the actual date when the programme ended as their return date instead of indicating the next day which was the actual date that they actually started off when filling in the retirement forms (vouchers) which resulted in the number of nights retired by the officers to be less by one for each of the eighteen officers thereby causing the subsistence allowance claim to exceed by one night for each of the eighteen officers totalling K10,200. The Controlling Officer assured your Committee that there was no excess payment of subsistence allowances to the officers but that this was a mere error in filling of retirement forms.

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

Your Committee finds the submission by the Controlling Officer unacceptable as this error should have been detected by accounting officers. Your Committee urges the Controlling Officer to effect recoveries of the excess amounts from the affected officers. Your Committee awaits a progress report on the matter.

c) **Unaccounted for Fuel - K35,340**

The Controlling Officer stated that fuel amounting to K35,340 procured under clearing of access roads in Dongwe Resettlement Scheme was accounted for and the disposal details were available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to have adequately responded to the query during the time of audit. Your Committee urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

d) **Wasteful Expenditure - The New Mongu Ultra-Modern Stadium - K260,307**

The Controlling Officer submitted that before the site could be handed over to the contractor, the Central Government decided to re-advertise the tender for the construction of the stadium resulting in the delay in the commencement of works.

**Committee's Observations and Recommendations**

Your Committee observes with concern the wastage of funds resulting from the decision to re-advertise the tenders. Your Committee urges the Government to be decisive in the implementation of the project to avoid further wastage of resources. Your Committee resolves to close the matter.

**OFFICE OF THE PRESIDENT – WESTERN PROVINCE**

**AUDIT QUERY**

PARAGRAPH 75

Programme: Poverty Reduction Programmes  
Activities: Various

**Accounting and other Irregularities**

75. An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects in March, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Questionable Payment of Imprest-K6,900**

The Controlling Officer submitted that the balance on questionable payment of imprest amounting to K6,900 had been in-putted for recovery from the four officers' monthly salaries effective February, 2015. The delay was due to the officers' net salaries which were below the 40% debt service ratio.

**Committee's Observations and Recommendations**

Your Committee resolves to close the matter subject to audit verification, but urges the Controlling Officer to strengthen internal controls in order to avoid similar anomalies. Your Committee resolves to close the matter.

b) **Misapplication of Funds-K45,236**

The Controlling Officer submitted that amounts totalling K45,236 were borrowed from the PRP account to cater for recurrent charges. This was done in order to facilitate the execution of Government programmes. The funds had since been reimbursed and documents were available for verification.



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

Your Committee strongly cautions the Controlling Officer to desist from misapplying funds meant for poverty reduction as it impacts negatively on planned activities. Your Committee resolves to close the matter subject to audit verification.

### **c) Cashew Nut Production**

i. *Undelivered Materials - K47,666 (Abitechcal Gardens K10,300,Chipe Agro K37,366)*  
The Controlling Officer submitted that a record of the items from the Cashew Growers Association as proof that items were delivered was available for verification, while items like gloves, musks, measuring ropes, budding tapes, twine roll, stones, cement and polythene sheets listed as not delivered, were already consumed at the time of audit.

- **Abitechcal Gardens - (K10,300)**

The materials bought from Abitechcal Gardens were grafting tape and parafilm used for grafting cashew seedlings. These were for the grafting exercise in April, 2013, at Mabumbu Nursery in Mongu and not Simakumba Nursery in Lukulu as shown in the audit report. These were received and used at Mabumbu Nursery in Mongu.

- **Chipe Agro - (K46,986)**

The materials bought from the above company were not only for Simakumba Nursery in Lukulu as stated in the audit query, but were for distribution to all cashew farms that were to receive the seedlings under the Cashew project. These materials were received and distributed to Simakumba, Nalikwanda, Namushakende, Mbuta, Kalangu, Mabumbu and Ikabomo nurseries. The various tools, sprayers and chemical were distributed according to the distribution list as shown in the stores records.

A field visit was conducted by the officers from Cashew Growers Association with two officers from the Auditor General's Office to confirm the distribution of the various items and it was confirmed that the items were received by the end users. The areas visited included Mabumbu Nursery Scion Bank, Namushakende Farm Institute Scion Bank and various farmers.

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

Your Committee expressed concern that records were not available at the time of audit to prove that the materials were delivered. Your Committee, therefore, urges the Controlling Officer to ensure that disciplinary action is taken against the officers responsible for the anomaly. Your Committee resolves to await a progress report on the matter.

ii. *Unaccounted for Stores - K12,459 (General stores - K5,986 and Fuel - K6,473)*  
The Controlling Officer submitted that the stores items in question amounting to K5,986 (General Stores) were bought for the Water Affairs Department. However, fuel amounting to K6,473 was bought on behalf of the Association and was accounted for by the same association. Documents, including the fuel book and coupons, were available for audit verification.

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

Your Committee expresses concern at the failure by the Controlling Officer to adequately responded to the query during the time of audit. Your Committee directs the Controlling Officer to avail documentary evidence to the auditors for all the stores items. The

Controlling Officer is further urged to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

d) **Failure to Drill Boreholes at Mulambwa Clinic-K28,005**

The Controlling Officer submitted that management gave express authority to vary borehole materials to Mulobezi due to the emergency that arose. The materials from Mulambwa Clinic were used to drill the borehole at Kayuwala Clinic in Mulobezi.

**Committee's Observations and Recommendations**

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

e) **Procurement of Animal Vaccines**

i. *Undelivered Vaccines - K24,400*

The Controlling Officer submitted that this was as a result of shortage of suitable packaging materials for the vaccines.

**Committee's Observations and Recommendations**

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

ii. *Unaccounted for Vaccines - K1,212*

The Controlling Officer submitted that the vaccines that could not be accounted for at the time of audit were those that were damaged during packing in the storeroom in Mongu. The damages were experienced when packing/handling these bottles as they were fragile. The Department of Veterinary had since apologised for the loss. The Provincial Livestock Officer had since provided a report on the damaged vaccines costing K1,212.

**Committee's Observations and Recommendations**

Your Committee notes the submission and urges the Controlling Officer to write a loss report in accordance with Financial Regulations. Your Committee awaits a progress report on the matter.

f) **Support to Women Clubs – Community Development Department**

i. *Undelivered Ox- carts - K44,000*

The Controlling Officer submitted that the supplier had since delivered the last three ox-carts and the delivery Note, Goods Received Note and the beneficiaries list were all available for audit verification.

**Committee's Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to ensure that such works were only carried out on a fully signed contract to bind the supplier to deliver within a specified period. Your Committee resolves to close the matter subject to audit verification.

ii. *Distribution of Farm Implements and Sewing Machines to Non Registered Women Clubs*

The Controlling Officer submitted that women's clubs in question had made application for registration and paid for registration as set out below.

- Lulikafela Women's club paid for the certificate of registration on 29<sup>th</sup> June, 2011, Support to the club was based on the payment for registration.
- Nangweshi YWCA branch paid for the certificate of registration on 10<sup>th</sup> August, 2010. Support to the club was based on the payment for registration.
- Nangweshi Mother Support: Support to the club was based on the payment for registration.

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

Your Committee expresses concern that the Controlling Officer failed to appreciate that the support given to the said clubs was irregular as they were not duly registered. Your Committee, therefore, urges the Controlling Officer to strictly follow guidelines. Your Committee resolves to close the matter subject to audit verification.

#### **g) Installation of Street Lights along Airport Road in Kalabo**

The Controlling Officer submitted that it was unfortunate that the Bill of Quantity for the works was underestimated resulting in the inter-pole distance to be more than the required distance. This resulted in ZESCO failing to connect power to the street lights due to the wrong inter-pole distance. However, an additional budget of K100,000 for extra works had been profiled in the 2015 budget to install ten additional poles to reduce the distance as per Zesco standard.

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

Your Committee expresses concern that despite professional input in the project, materials were under – estimated. Your Committee urges the Controlling Officer to caution the officer concerned for the anomaly. Your Committee urges the Controlling Officer to ensure that the works are undertaken without further delay and your Committee awaits a progress report on the matter.

#### **h) Construction of Mulambwa Clinic-K208,771**

The Controlling Officer submitted that the project to complete Mulambwa Clinic block which had been initiated by the community was done in two (02) phases. The cost of phase I at K208,771 was expected to be undertaken from 17<sup>th</sup> August, 2012 to 9<sup>th</sup> November, 2012. The amount of K30,000 which was over and above the initial contract sum of K208,771 was part of the extra works and variations (roof repair, floor screed, electrical and plumbing works) amounting to K45,039. Works for the construction of phase I were completed with defects that included air cracks on the apron and spoon drains. An amount of K15,099.28 for the retention and other works not done ie. apron, drainage, etc were not paid to the contractor.

Following several warnings given to the contractor to complete the works, recommendations were raised to terminate the contract. The contract to Cadman Solutions had since been terminated. The termination letter was available for audit verification.

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

Your Committee expresses concern at the delay by the Controlling Officer in ensuring that the contract was terminated. Your Committee observes that it was not clear as to why liquidated damages were not claimed since the defects were observed within the defects liability period. Your Committee awaits a progress report on the completion of the works.

#### **i) Rehabilitation of Kalabo Government Guest House - K93,221**

The Controlling Officer submitted that the works at Kalabo Government Rest House which were outstanding at the time of the audit inspection had since been rectified by the contractor.

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

Your Committee notes the submission by the Controlling Officer, but sternly cautions him against poor supervision of projects and delays in completion of works. Your Committee resolves to close the matter subject to audit verification.

j) **Rehabilitation of Lukulu Government Guest House**

The Controlling Officer submitted that defects highlighted in the audit report had since been rectified by the contractor.

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

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

k) **Rehabilitation of Kaoma Government Guest House**

The Controlling Officer stated that the contractor had since rectified all the defects.

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

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

l) **Construction of Office Block – Shangombo DC**

The Controlling Officer submitted that the contractor was on site executing the remaining works.

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

Your Committee awaits a progress report on the matter.

## **OFFICE OF THE PRESIDENT – WESTERN PROVINCE**

### **AUDIT QUERY**

PARAGRAPH 76

PROGRAMME: Rural Roads Unit

ACTIVITIES: Various

### **Accounting and Other Irregularities**

76. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of road works carried out in March, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to Implement Funded Projects-K2,461,756**

The Controlling Officer submitted that funds for these three projects were received in October, 2013, that is just two months before the end of the year and at the on-set of the rain season, hence road works could not commence to avoid wastage of resources. However, the funds for the two projects namely, construction of M9 Lombelombe (K854,752) and D792 – Luanchuma (K854,752)) in amounts totalling K1,709,504 were varied to other roads namely, Nande via clinic and Nangweshi – Sinjembela roads respectively. On the construction of the M9 Nangula – Miulwe road project, the Controlling Officer stated that works had since commenced and were progressing well.

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

Your Committee expresses concern at the failure by the Controlling Officer to have ensured that the amounts for the construction of M9 Lombelombe (K854,752) and D792 – Luanchuma (K854,752) were directed towards their intended purposes. The Controlling Officer is strongly cautioned against varying funds to other unrelated activities. On the on-going construction works, your Committee urges the Controlling Officer to ensure that works are thoroughly supervised and completed without any further delay. Your Committee awaits a progress report on the matter.

#### **b) Construction of Limulunga – Ushaa Road**

The Controlling Officer submitted that works had been done on this road as planned. However, the noted defects that occurred were due to the sand terrain of the area. Efforts were being made to include in the budget funds for remedial works to rectify the noted defects.

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

Your Committee does not accept the reason given by the controlling Officer and urges him to ensure that ZNS is recalled to repair the defects that were observed. The Controlling Officer is also urged to ensure that such works involve a written contract to indicate each party's obligations. Your Committee is of a view that RDA should plan for this road and upgrade it to bituminous standards owing to the fact that it is a district road. Your Committee awaits a progress report on the matter.

#### **c) Rehabilitation of Namushakende – Nalikwanda Road**

The Controlling Officer submitted that the Department of Rural Roads Unit (RRU) had planned to gravel a stretch of only 10km of the Namushakende – Nalikwanda Road. The targeted area was the stretch from the road junction on the Mongu – Senanga Road to Kataba which was in a very bad state.

On the issue of fuel not being recorded in the log books at the site, the Controlling Officer stated that it was regrettable and site supervisors had been instructed to ensure that drivers start entering the fuel quantities in the equipment log books on site.

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

Your Committee expresses concerns that there are no systems in place on the issuance of fuel. Your Committee urges the Controlling Officer to ensure that all records relating to fuel drawings and work plans indicating the scope of works are availed to the auditors without any further delay. Your Committee resolves to await a progress report on the matter.

#### **d) Construction of Culverts on Kalabo – Mapungu Road**

##### **i. *Diversion of Project Materials (1,200 x 50kg pockets of Cement)***

The Controlling Officer clarified that the 1,200 pockets of cement were not diverted, but lent out to Almut (Z) Limited in Kalabo district to avoid a situation where the cement was going to harden during the rainy season when construction works had been halted. However, the 1,200 pockets of cement which were lent out had been returned.

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

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

- ii. *Project Status*  
The Controlling Officer submitted that the project to construct nine culverts had stalled due to the 2013/2014, rainy season. The works on the two culverts that were in progress at the time of audit had since been resumed and so far one culvert had since been completed, while works were in progress on the other.

**Committee's Observations and Recommendations**

Your Committee notes the submission by the Controlling Officer and urges him to ensure that works are completed expeditiously. Your Committee awaits a progress report on the matter.

e) **Construction of Sesheke - Mazaba Phase II**

- i. *Lack of Cost Estimates for Planned Works*  
The Controlling Officer stated that the cost estimates and road condition survey for Sesheke – Mazaba Road phases I and II totalling K1,709,504 were available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail cost estimates and condition survey to the auditors during the verification period. The Controlling Officer is urged to take disciplinary action against the erring officers for this failure. Your Committee awaits a progress report on the matter.

- ii. *Non-maintenance of Log Books*  
The Controlling Officer submitted that fuel was recorded in the site books and it was from these books that the fuel drawn and used could be ascertained as the fuels and lubricants were signed for by the drivers and operators. The log books were being maintained and this could be checked and verified. The fuel site register books were now available for verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to maintain log books for equipment in operation on site which can make it difficult to detect abuse of resources. The Controlling Officer is urged to take disciplinary action against the erring officers for this failure. Your Committee awaits a progress report on the matter.

f) **Construction of Sichili – Nawinda Road Phase I**

The Controlling Officer submitted that fuel was now being recorded in the site fuel books and the fuels and lubricants were signed for by the drivers and operators. Disposal details were available for audit verification. Going forward, the Province would ensure that recordings for fuel in the equipment log books was done.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail drawings which were not recorded in the log books for the road equipment on site. The Controlling Officer is urged to take disciplinary action against erring officers. Your Committee awaits a progress report on the matter.

**Accounting and Other Irregularities**

77. An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects carried out in March 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Construction of Vubwi DC's Office Block - Overpayment - K81,305**

The Controlling Officer clarified that the overpayment was as a result of basing the payment on the certificate issued by the Provincial Buildings Office. However, the Provincial Buildings Engineer had since written to the contractor to refund the overpayment of K81,305. The Controlling Officer added that the office had put in place control measures to ensure that such anomalies did not recur by indicating the total contract sum paid and balance carried forward. With regards to the works done so far, the Controlling Officer submitted that roofing was at 100%, plastering 80%, while metal and carpentry works were at 50%.

The Controlling Officer submitted further that other works that included electrification, flooring, painting and glazing including unfinished fractions of works were targeted to be done in 2015, as per revised Bill of Quantities (BOQ). The minor cracks that had developed had since been worked.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the Controlling Officer to institute disciplinary action against the Provincial Buildings Engineer who caused the overpayment. Your Committee urges the Controlling Officer to ensure that appropriate disciplinary action is taken against him and that the overpaid funds are recovered without any further delay. Your Committee further urges the Controlling Officer to ensure that all the outstanding works are completed expeditiously. Your Committee awaits a progress report on the matter.

b) **Construction of Vubwi DC's Staff House - K400,000**

The Controlling Officer submitted that the delay in the completion of the house was caused by inadequacy of funding at the time. He, however, submitted that the contractor was on site and works were in progress. The drainage was 100% complete while plumbing and carpentry were at above 90%. The borehole materials, glazing materials and final plumbing materials were already on site and would be installed as soon as security was enhanced. Works were expected to be completed by the end of March., 2015. The minor cracks were as a result of the building settlement and they had since been mended and corrected.

**Committee's Observations and Recommendations**

Your Committee expresses concern that 88% payment made to the contractor would have enabled him to finish the works. Your Committee urges the Controlling Officer to ensure that the works are completed and done to acceptable standards without any further delay. Your Committee awaits a progress report on the matter.

c) **Construction of a Low Cost House at Ukwimi Basic School**

The Controlling Officer submitted that out of the total contract price of K186,648, only 55% (K102,000) was funded by the Treasury thereby causing delay in the completion of the Low Cost

Staff House at Ukwimi Basic School. The Controlling Officer also submitted that an additional K90, 000 for the project had to be sourced through a variation of funds in the 2014 budget. So far, the contractor was on site and that the roofing, doors and floor had been completed while plastering and beam filling were in progress. It was expected that the contractor would complete the project by the end of March, 2015.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that there is enough funding to complete the projects. Your Committee further urges the Controlling Officer to ensure that certificates of completion are processed expeditiously where works are completed and inspected to avoid recurrence.

#### **d) Construction of Community Hall in Msanzala Resettlement Scheme**

##### **i. *Lack of Contract Documents***

The Controlling Officer regretted the failure by his officers to avail the contract documents to the auditors at the time of the audit. The failure to avail the contract was due to poor record keeping on account of poor staffing, which had since been addressed by availing the Accountant responsible with an Assistant Accountant. The contract was available for verification.

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

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

##### **ii. *Non – delivery of Building Materials***

The Controlling Officer submitted that the undelivered building materials had been delivered, but the contractor and the Building Committee were not on site at the time of the audit. As a result, physical documents could not be accessed. However, the materials had been delivered directly to the contractor as evidenced by the Delivery Note. The Province would endeavor to improve management of stores under labour based contracts with the help of the new procurement staff who had just been recruited.

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

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

#### **e) Electrification of Msipazi Forestry Plantation**

The Controlling Officer submitted that the issue was not initially brought to his attention due to disorganisation at the Forestry Department. This prompted the Office to write ZESCO a letter dated 22<sup>nd</sup> December, 2014, to establish why they had not moved on site to provide the needed service for the facility. ZESCO had since clarified that, the quotation had been revised to K133,000, due to increased scope of works which included electrification of a borehole. ZESCO had to be paid an additional K49,291 to enable them connect Msipazi Forest to the end. The Controlling Officer regretted this sad development and promised to request for a variation of funds in the 2015 Budget to enable him pay the additional K49,291.

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

Your Committee notes the submission, but urges the Controlling Officer to ensure that officers are strongly cautioned for this failure. Your Committee awaits a progress report on the matter.



f) **Construction of Wall Fences for VIPs**

The Controlling Officer submitted that the delay in delivering the building materials was due to non-inclusion of transport cost in the contract agreement. However, the remaining parts of the undelivered building materials had since been collected. The Buildings Department had been instructed to carry out the remaining works. The Controlling Officer pledged to ensure that all aspects including transportation were catered for in future contract agreements for procurement of materials.

**Committee's Observations and Recommendations**

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

**OFFICE OF THE PRESIDENT - EASTERN PROVINCE – RURAL ROADS DEPARTMENT**

AUDIT QUERY

PARAGRAPH 78

PROGRAMMES: Various

ACTIVITIES: Various

**Accounting and Other Irregularities**

78. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of the selected projects revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Questionable Procurement – K218,950**

The Controlling Officer submitted that the matter had been referred to the Drug Enforcement Commission (DEC) for investigations.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to strengthen the procurement systems to avoid recurrence. Since the matter is before law enforcement agencies, your Committee resolves to await a progress report on the matter.

b) **Rehabilitation and Construction of Drainage Structures - K1,290,130**

i. *Non-delivery of Culverts - K230,850*

The Controlling Officer stated that the delay to deliver culverts was caused by the breakdown of the low bed. However, the contractors had since been written to reminding them to refund the money if they could not manage to deliver the remaining concrete pipes. Contractors who fail to deliver would not be awarded future contracts.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that the contractors are closely supervised to deliver the remaining culverts without any further delay or refunds are made expeditiously. Your Committee awaits a progress report on the matter.

ii. *Mwape Road Drainage Works - Nyimba District*

The Controlling Officer submitted that the concrete pipes were still work in progress at the time of the audit but culverts had since been covered.

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

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

- iii. *Nyati – Simambumbu Road Drainage Works in Petauke District*  
The Controlling Officer submitted that the culverts were delivered during surveys to reduce on transport costs, so it took a while before they were installed. Nevertheless, the culverts had since been installed.

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

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

c) **Grading of Mwanjabanthu – Nyanje Road in Petauke District**

The Controlling Officer submitted that at the time of the survey of the road, the low bed truck had broken down. As a result, they were not able to deliver the pipes resulting in non – completion of the works. The Controlling Officer, however, informed your Committee that the water ponding on the road surface at Km 19.8 had since been worked on, as the culverts had been installed and were ready for verification.

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

Your Committee does not accept the reasons given by the Controlling Officer and, therefore, urges him to ensure that the erring officers are disciplined for causing this delay. Your Committee resolves to close the matter subject to audit verification.

d) **Maintenance of T4 – Mwanjabantu via Mumbi Palace in Petauke District**

The Controlling Officer submitted that the works done before 5<sup>th</sup> November, 2014, were not to acceptable standard and that this had since been rectified.

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

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

e) **Kampondo – Chanyalubwe Road (Via Kapongolo) - Lundazi District**

The Controlling Officer submitted that the Rural Roads Unit planned independently on all its road programs. As soon as they realised that the road being worked on was also being worked on by the Road Developed Agency (RDA), they withdrew. The Contractor had been engaged to refund the said amount of K106, 000, but had not done so as he was waiting to be paid by the RDA in order for him to honour the refund.

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

Your Committee expresses concern at the failure by the Controlling Officer to ensure that projects are well co-ordinated in the Province. Your Committee urges the Controlling officer to ensure that the amount of K106,000 is recovered from the contractor without further delay. Your Committee awaits a progress report on the matter.

**Accounting and Other Irregularities**

79. An examination of accounting and other records maintained at the Provincial Administration carried out from January to June 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unsupported Payments - K168,019**

The Controlling Officer submitted that out of the twenty-seven of the unsupported payments, a total of seventeen payments had been found amounting to K101,956 leaving a balance of ten payments amounting to K58,546. The staff responsible for the negligent maintenance of the accounting documents had been disciplined.

**Committee's Observations and Recommendations**

Your Committee notes the submission by the Controlling Officer but also urges him to ensure that the remaining balance is traced without any further delay. Your Committee resolves to await a progress report on the matter.

b) **Missing Payment Vouchers - K375,225**

The Controlling Officer submitted that payment vouchers were not availed at the time of audit because of them misfiled. The Controlling Officer, however, submitted that management had retrieved a total of twenty-nine payment vouchers in amounts totalling K340,756.75 and efforts to trace the remaining six payment vouchers amounting to K34,468.59 were being made. Management had oriented all the new staff in the Accounts Department in filing of accounting documents and had also assigned specific officers to take up this responsibility.

**Committee's Observations and Recommendations**

Your Committee notes the submission by the Controlling Officer, but urges him to ensure that disciplinary action was taken against the erring officers and that the remaining documents are traced without any further delay. Your Committee awaits a progress report.

c) **Failure to undertake activities - K672,363**

The Controlling Officer submitted that imprest amounting to K45,902.51 had been retired. As for the balance amounting to K635,510.52, management had started recovering through payroll from the affected officers. Further, management would ensure that no further imprest was available to those that had not retired earlier ones.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to take disciplinary action against the erring officers and that the remaining balance is reconciled without any further delay. Your Committee awaits a progress report on the matter.

d) **Unaccounted for Stores-K486,643**

The Controlling Officer submitted that auditors were correct and purchasing had been delinked from

stores to enhance control and accountability. In addition, trained staff had been employed in both sections. Management had continued to trace the missing stores records.

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

Your Committee notes the submission by the Controlling Officer but urges him to take disciplinary action against all the erring officers and to trace the remaining documents without any further delay. Your Committee awaits a progress report on the matter.

## **OFFICE OF THE PRESIDENT - LUAPULA PROVINCE**

### **AUDIT QUERY**

PARAGRAPH 80

PROGRAMME: Poverty Reduction Programmes

ACTIVITIES: Various

### **Accounting and Other Irregularities**

80. An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects carried out in March, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

#### **a) Misapplication of Funds - K426,257**

The Controlling Officer submitted that funds were varied to Recurrent Departmental Charges (RDCs) and authority to vary was obtained retrospectively from Secretary to Treasury.

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

Your Committee strongly cautions the Controlling Officer against misapplying funds meant for poverty reduction as doing so impacts negatively on development. Your Committee resolves to close the matter subject to audit verification.

#### **b) Missing Payment Vouchers-K2,418,260.40**

The Controlling Officer submitted that this occurred because some vouchers were not filed in appropriate box files as they were filed on subject files. The Controlling Officer further submitted that management had retrieved a total of ninety-three payment vouchers in amounts totalling K2,046,294.61. Efforts to trace the remaining twenty payment vouchers amounting to K371, 965.85 were being made.

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

Your Committee expresses concern that payment vouchers for such a huge amount were missing at the time of audit which is a very serious omission. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. The Controlling Officer is also urged to ensure that the remaining documents are traced without further delay. Your Committee awaits a progress report.

#### **c) Unsupported Payments-K1,396,207**

The Controlling Officer submitted that supporting documents were not there at the time of audit because they were with the Procurement and Supplies Unit. The Controlling Officer reported that fifty-three vouchers amounting to K707,821 had been traced while efforts were being made to support the remaining payment vouchers amounting to K687,385.22.

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

Your Committee expresses concern that payments were not supported at the time of audit which is highly irregular. Your Committee, therefore, urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee also urges the Controlling Officer to ensure that the remaining payments in respect of an amount of K687,385.22 are supported without further delay. Your Committee awaits a progress report.

d) **Unaccounted for Stores - K537,645**

The Controlling Officer submitted that the auditors were correct and as a result, the purchasing section had been delinked from stores to enhance control and accountability. In addition, trained staff had been employed in both sections. Management had continued to trace the missing records.

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

Your Committee is concerned that stores were not accounted for which made it impossible for the auditors to establish whether the goods were actually delivered. Your Committee urges the Controlling Officer to take disciplinary action against the officers responsible for the anomaly. Your Committee urges the Controlling Officer that all the stores amounting to K537,645 should be accounted for without further delay. Your Committee awaits a progress report.

## **OFFICE OF THE PRESIDENT - LUAPULA PROVINCE**

### **AUDIT QUERY**

PARAGRAPH 81

DEPARTMENT: Rural Roads Unit  
PROGRAMME: Infrastructure Development  
ACTIVITIES: Various

### **Accounting and Other Irregularities**

81. An examination of accounting and other records maintained by the Provincial Administration and physical inspections carried out in selected districts in March, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Misapplication of Funds — K1,340,791**

The Controlling Officer submitted that funds were varied to Recurrent Departmental Charges (RDCs) and authority to vary was obtained retrospectively.

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

Your Committee strongly cautions the Controlling Officer to desist from misapplying funds meant for poverty reduction as doing so deprives the vulnerable people of their provision. Your Committee awaits a progress report on the matter.

b) **Missing Payment Vouchers -K416,285**

The Controlling Officer submitted that out of the eleven transactions amounting K416,285 reported as missing, six transactions (cheque numbers 001389, 001390, 002017, 002018, 002019, and 001361) amounting to K 221,590 transactions were duplicated as they were also queried as missing in paragraph 80. The Controlling Officer added that the remaining five payment vouchers amounting to K194,695 had been traced.

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

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

c) **Failure to Undertake Activities - K167,122**

The Controlling Officer submitted that disciplinary action had been taken against the officers by warning them and recoveries through payroll had started. The Controlling Officer further submitted that imprest amounting to K92,450 had been retired. As for the balance amounting to K74,672, management would start recovering through the payroll from the affected officers.

**Committee's Observations and Recommendations**

Your Committee awaits a progress report on the matter.

d) **Poor project implementation**

i. *Rehabilitation of Mulwe Road - Kawambwa District*

The Controlling Officer acknowledged that only 23.3Km of the road was worked on instead of 28Km as was indicated and that mitre drains were not done on certain sections. Furthermore, mitre drains were not made on certain sections of the road due to human settlements along the road.

**Committee's Observations and Recommendations**

Your Committee does not accept the reason given by the Controlling Officer and urges him to employ all available means to ensure that works are done without any further delay. Your Committee awaits a progress report on the matter.

ii. *Rehabilitation of Feeder Roads - Mwansabombwe District*

The Controlling Officer stated that this was as a result of human settlements along the roads they worked on and the only solution was to do stone pitching of the side drains of which resources could not allow.

**Committee's Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that funds are made available to do the works without any further delay. Your Committee awaits a progress report on the matter.

iii. *Rehabilitation of Senama — Fiyongoli Road*

The Controlling Officer submitted that this arose because the road passed through farm lands and by the time the road was being worked on, the farmers had already planted their crops hence it was difficult to make mitre drains into people's fields. However, they had engaged the Council to sensitise the people to cooperate when works were being done.

**Committee's Observations and Recommendations**

Your Committee observes that this anomaly amounted to wasteful expenditure mainly due to poor planning by the Provincial Administration. Your Committee strongly urges the Controlling Officer to ensure that works are done without further delay. Your Committee awaits a progress report on the matter.

iv. *Construction of a Bridge on Mansa — Tayali Road, Mansa District*

The Controlling Officer stated that at the time of construction, funds were not sufficient to construct a suitable design of the bridge as the portal frames which were constructed were only sourced from the Disaster Management and Mitigation Unit and that was the only size which was slightly applicable to the crossing point. This resulted into the bridge being low.

However, considerations were being made to raise the bridge in an effort to increase water discharge.

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

Your Committee awaits a progress report on the matter.

- v. *Rehabilitation of Chembe - Kasomalwela Road - Chembe District*  
The Controlling Officer submitted that some culverts along the road were blocked. However, this was an existing road which was undergoing rehabilitation. It was noted that most culverts along the road were of small diameter which could not allow free flow of water thereby causing blockage. His office in conjunction with the Road Development Agency was working on replacing most of these culverts.

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

Your Committee notes the submission by the Controlling Officer, but urges him to ensure that works are done without any further delay. Your Committee awaits a progress report on the matter.

### **OFFICE OF THE PRESIDENT-NORTH-WESTERN PROVINCE**

AUDIT QUERY

PARAGRAPH 82

PROGRAMME:

General Administration

ACTIVITIES:

Various

#### **Accounting and Other Irregularities**

82. An examination of accounting and other records maintained at the Provincial Administration and physical inspection carried out in February, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

##### **a) Irregular Award of a Contract**

The Controlling Officer acknowledged that at the time of audit, only materials costing K58,726 were delivered, while the balance of materials costing K50,916 had no documentation supporting delivery. The documents had since been traced. As regards the contravention of Section 73 of the *Public Procurement Act* by the civil servant who owned the company that supplied the goods, the Controlling Officer submitted that the Provincial Administration was unable to establish what the officer contravened upon perusal of the said section.

Upon clarification by the Auditor-General on the ZPPA Clause, the Controlling Officer conceded that the procurement was in contravention of the provisions of the *Zambia Public Procurement Act* and action would be taken accordingly.

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

Your Committee urges the Controlling Officer to report the matter to investigative wings for further action. The Controlling Officer is also urged to take disciplinary action against the officers who processed the procurement. Your Committee awaits a progress report on the matter.

##### **b) Inadequately Supported Payments-K169,460**

The Controlling Officer acknowledged that at the time of audit supporting documents were not available. The Controlling Officer, however, submitted that supporting documents in respect of payments amounting to K169,460 had since been traced. The anomaly was as a result of weaknesses

in record management and all Heads of Departments under Provincial Administration had been instructed to ensure that receipts, invoices and acquittal sheets were obtained whenever payments were made.

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

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

#### **c) Weaknesses in accounting for Public Stores**

##### **i. *Failure to Process Loss Reports***

The Controlling Officer submitted that the loss reports had since been prepared. Further, the Management had taken note of the auditors' observation about the non-insurance of the motor vehicles. From 2014, all vehicles had been insured.

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

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

##### **ii. *Unaccounted for Stores-K832,200***

The Controlling Officer acknowledged that disposal details in respect of stores items costing K832,200 (general stores – K417,259 and fuel – K414,941) concerning the various Government departments were not available at the time of verification. The search for the disposal records for general stores amounting to K417,258 and fuel amounting to K414,914 had yielded negative results. However, the stores management system had been strengthened and a qualified and a competent stores officers to handle all stores issues had been employed.

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

Your Committee expresses concern that records for stores totalling K414,914 have not been traced making it difficult to establish whether the stores in question were received by the user departments. Your Committee urges the Controlling Officer to ensure that records are traced and availed for audit verification. Your Committee awaits a progress report on the matter.

#### **d) Failure to Produce Activity Reports**

The Controlling Officer submitted that all the activity reports for imprest amounting to K47,864 had been traced.

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

Your Committee notes that failure to produce reports is a very serious omission as in the absence of such reports it is difficult for management to establish whether the activities were actually carried out. Your Committee resolves to close the matter, but urges the Controlling Officer to ensure that activity reports are prepared and availed for audit.

#### **e) Staff Recruitment without Authority-K139,166.87**

The Controlling Officer acknowledged that no authority was sought from PSMD before engaging casual workers and he had since written to all Heads of Departments to lay off casual workers with effect from 2014.



## Committee's Observations and Recommendations

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

### 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 Office and physical inspections of selected projects carried out in February, 2014, revealed several accounting and other irregularities and the Controlling Officer responded as set out below.

##### a) Failure to Follow Procurement Procedures

The Controlling Officer acknowledged that procurement procedures were not followed. He explained that Management had taken note and pledged to follow the procurement regulations as stipulated in the *Procurement Act*. However, the officer (Senior Procurement Officer) who was in charge of procurement during this period had since been removed from performing procurement functions.

#### Committee's Observations and Recommendations

Your Committee notes the submission and urges the Controlling Officer to report the matter to the law enforcement wings for further investigations for possible abuse of office. Your Committee awaits a progress report.

##### b) Infrastructure Development-Headquarters

###### i. *Construction of Dining Hall at Mutanda High School*

- **Failure to follow Tender Procedures**

The Controlling Officer acknowledged that the Office did not conduct an open bidding as required by the *Zambia Public Procurement Act* for amounts exceeding K500 million (old currency). However, authority was sought and granted by ZPPA to conduct limited bidding from three contractors that were selected and submitted.

#### Committee's Observations and Recommendations

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

- **Poor Workmanship**

The Controlling Officer submitted that the contractor was written to and instructed to go back on site to attend to the remaining works and rectify the observed defects on the structure. Unfortunately, the contractor had verbally refused to get back to site to complete the works and rectify the defects on the structure. The Administration was considering the option of terminating the contract.

#### Committee's Observations and Recommendations

Your Committee urges the Controlling Officer to follow the matter to its logical conclusion so that the Government can get value for the money spent. Your Committee awaits a progress report on the matter.

ii. *Construction of Dormitories, Laboratory and Staff House at Lamba Day Secondary School*

The Controlling Officer acknowledged that works had not been completed. The Controlling Officer, however, informed your Committee that the materials for constructing the laboratory had since been procured and the contractor had been instructed to go back on site. The Controlling Officer further submitted that the delay in the completion of this girls' and boys' hostels was due to inadequate funding from the Ministry of Finance. In this regard, a provision had been made in the 2015 budget for the completion of the project. As regards to the sewer system, the Controlling Officer submitted that this was not part of the contract.

On the cement which was reported to have hardened, the Controlling Officer explained that it was actually not hardened and it had been used by the school management to construct the Ventilated Pit Latrines (VIPs) and since been replaced.

**Committee's Observations and Recommendations**

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

iii. *Rehabilitation of Kabompo Rest House-K381,780*

• **Delayed Completion**

The Controlling Officer submitted that the delay in the completion of the rehabilitation of Kabompo Rest House had been caused by the delay in release of funds by the Ministry of Finance.

**Committee's Observations and Recommendations**

Your Committee notes the submission and urges the Controlling Officer to liaise with the Treasury to ensure the release of the funds for the project. Your Committee awaits a progress report on the matter.

• **Poor Workmanship**

The Controlling Officer submitted that all unsatisfactory works had been noted and the contractor had been instructed to attend to the defects.

**Committee's Observations and Recommendations**

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

**OFFICE OF THE PRESIDENT-NORTH-WESTERN PROVINCE**

AUDIT QUERY

PARAGRAPH 84

PROGRAMME:

Rural Roads Department

ACTIVITIES:

Various

**Accounting and Other Irregularities**

84. An examination of accounting and other records maintained at the Provincial Administration Office and physical inspections of selected projects carried out in February, 2014, revealed several accounting and other irregularities and the Controlling Officer responded as set out below.

a) **Unaccounted for Fuel-K1,042,940**

The Controlling Officer acknowledged that at the time of audit, the disposal details were not availed. Only statements, receipts and tax invoices were submitted. Measures had been put in place to ensure that fuel withdrawals were authorised through the use of coupons.

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

Your Committee observes that the matter has not been attended to by the Controlling Officer and urges him to ensure that the fuel in question is accounted for in accordance with Stores Regulations. Your Committee awaits a progress report on the matter.

#### **b) Implementation of Road Projects**

##### **i. *Kayombo – Chikonkwelo Road***

The Controlling Officer submitted that the statements had no vehicle registration numbers at the time of verification for fuel costing K46,238.70. The Administration had procured two graders and at the time of audit these were not registered. The graders had since been registered. The Controlling Officer also submitted that only 49 km of bush clearing, 30 km formation, and 27 km gravelling had been done. The provision of K1,019,813 was made in the 2014 budget to complete the remaining works but the funds were not released by Ministry of Finance.

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

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

##### **ii. *Rehabilitation Kanong'eshu Road***

The Controlling Officer acknowledged that at the time of audit, only 5.9 km of the road had been graveled. The works resumed in July, 2014 and so far 22 km of the road had been bush cleared, formation 22 km and gravelling 16 km.

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

Your Committee urges the Controlling Officer to ensure that funds are secured to complete the project. Your Committee resolves to await a progress report on the completion of the works.

##### **iii. *Rehabilitation of Lwakela - Kakoma Road***

The Controlling Officer acknowledged that at the time of audit, only 40.2 km had been graded. However, the total amount in the BOQ was K1,397,390.28 and the actual amount released was K1,400,000. The actual expenditure was K1,150,785.25 and not K1,773, 625 as indicated by the auditors. The Controlling Officer further submitted that rehabilitation works on Lwakela-Kakoma Road in Mwinilunga were put to a hold because the bulldozer had broken down. A new bulldozer had been procured and works would resume after the rainy season.

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

Your Committee awaits a progress report on the matter.

## **OFFICE OF THE PRESIDENT - SOUTHERN PROVINCE**

AUDIT QUERY

PARAGRAPH 85

PROGRAMMES: Various

ACTIVITIES: Various

### **Accounting and Other Irregularities**

85. An examination of accounting and other records maintained at the Provincial Administration carried out in February, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Misapplication of Funds - K778,790**

The Controlling Officer submitted that authority was granted by the Secretary to the Treasury in respect of the expenditure totalling K778,790.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but cautioned the Controlling Officer to desist from misapplying funds to activities which are unrelated to its intended purpose. The matter is, however, recommended for closure subject to audit verification.

b) **Missing Payment Vouchers - K18,025**

The Controlling Officer submitted that all the five missing payment vouchers in amounts totalling K18,025 had been traced.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail payment vouchers to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. The Controlling Officer is further urged to ensure that internal controls as well as filing systems are strengthened to avoid recurrence. Your Committee awaits a progress report on the matter.

c) **Unsupported Payments-K538,237**

The Controlling Officer submitted that 117 payments in amounts totalling K538,237 had since been supported with relevant documents.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail supporting documents to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. The Controlling Officer is further urged to ensure that internal controls as well as filing systems are strengthened to avoid recurrence. Your Committee awaits a progress report on the matter.

d) **Irregular Payment of Overtime – K274,131**

The Controlling Officer submitted that various officers were paid overtime allowances without maintaining an attendance register at the time. However, all such payments were being supported by the maintenance of an attendance register and one was opened specifically to regularise the same.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to maintain an attendance register. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

e) **Irregular Use of Accounting Imprest**

The Controlling Officer submitted to your Committee that the payment method that was acceptable to Zesco and Zamtel at that time was in form of cash (especially after they had switched to the prepaid system). This left the Province with no option, but to issue accountable imprests to enable

the office access their services. It was in this vein that amounts totalling K19,771 and K5,300 were paid to Zamtel and Zesco, respectively. However, both companies had since abolished that requirement and consequently, the issuance of accountable imprest for payment of utilities was stopped. The Controlling Officer also added that the amount of K2,850 was petty cash that was to cater for office entertainment. This, therefore, meant that it was not mandatory to subject it to tender procedures and hence accounting imprest was the only established alternative to facilitate the purchase of miscellaneous goods or refreshments of a minor nature.

The Controlling Officer further submitted that following the Presidential declaration to shift the provincial administrative capital of Southern Province from Livingstone to Choma, officers were expected to comply by relocating immediately. In light of this, there was no adequate time to exhaust tender procedures required for the procurement of transportation services for all the officers at the same time. This situation constrained her office to issue individual imprest to facilitate the movement.

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

Your Committee expresses concern at the way the imprest was handled and strongly cautions the Controlling Officer against flouting Financial Regulations. Your Committee resolves to close the matter subject to audit verification.

#### **f) Irregular Payment of Allowances**

The Controlling Officer submitted that all the officers concerned had refunded the overpayments and receipts were available for verification. The payments were made at the discretion of the Permanent Secretary in view of the fact that officers had not been paid their Settling-in-Allowances.

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

Your Committee cautions the Controlling Officer against making decisions that are contrary to Financial Regulations. Your Committee resolves to close the matter subject to audit verification.

#### **g) Unaccounted for Stores – K460,378**

The Controlling Officer submitted that all receipt and disposal details were available for verification.

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

Your Committee expresses concern at the failure by the officers to avail all receipt and disposal details to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. The Controlling Officer is further urged to ensure that internal controls are strengthened to avoid recurrence. Your Committee awaits a progress report on the matter.

#### **h) Failure to Deduct Pay-As-You-Earn (PAYE) – K222, 648**

The Controlling Officer submitted that tax was deducted from the final balance of the settling-in allowance or commutation of leave days of the concerned officers. Pay-As-You-Earn (PAYE) tax could not be remitted to Zambia Revenue Authority due to funding constraints. However, remittances to ZRA would be done once funding levels improve.

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

Your Committee urges the Controlling Officer to ensure that tax obligations are met as required by the law. Your Committee awaits a progress report on the matter.

i) **Contracting of Unregistered Businesses-K108,852**

The Controlling Officer submitted that the six companies which were contracted and paid amounts totalling K108,852 were all registered with the Patents and Companies Registration Agency (PACRA).

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

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

j) **Failure to Utilise Funds-Choma Accounting Control Unit – K140, 181**

The Controlling Officer submitted that all the funds had since been utilised on various projects.

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

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

## **OFFICE OF THE PRESIDENT - SOUTHERN PROVINCE**

AUDIT QUERY

PARAGRAPH 86

PROGRAMME:

General Deposit Account

ACTIVITIES:

Various

### **Accounting and Other Irregularities**

86. A review of accounting and other records maintained at the Provincial Administration for the General Deposit Account carried out in October, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Misapplication of Funds – K140,181**

The Controlling Officer submitted that the General Deposit Account had since been reimbursed. The borrowed amounts totalling K426,002.99 and repayments were done from the Recurrent Departmental Charges Account (K373,636.27), Poverty Reduction Programmes account (K35,366.72) and the Revolving Fund account (K17,000). The balance of K155,703.01 was incurred during a Presidential Visit and was yet to be reimbursed by Cabinet Office.

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

Your Committee notes the submission but cautions the Controlling Officer to desist from misapplying funds to activities which are unrelated to their intended purpose. The Controlling Officer is further urged to ensure that the balance is reimbursed without any further delay. Your Committee awaits a progress report on the matter.

b) **Payment of Overtime Allowance without Maintaining a Register – K70,028**

The Controlling Officer submitted that all such payments were being supported by the maintenance of an attendance register and one was opened specifically to regularise the same.

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

Your Committee expresses concern at the failure by the officers to maintain attendance registers at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. The Controlling Officer is further urged to ensure that internal controls are strengthened to avoid recurrence. Your Committee awaits a progress report on the matter.

c) **Engagement of Contractors without clearance from the Attorney General – K1,911, 456**

The Controlling Officer submitted that in future, clearance would be sought from the Attorney General before engaging contractors.

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

Your Committee expresses concern that the Controlling Officer ignored the law which was very unacceptable. Your Committee urges the Controlling to ensure that the procedures are strictly followed at all times. Your Committee resolves to close the matter subject to audit verification.

d) **Infrastructure Projects**

i. *Construction of Security Wire Fence at Monze State Prison*

The Controlling Officer submitted that all the works that were on the original bill of quantities were completed. The Controlling Officer explained that it was true that at the time of audit the construction of works of the security wire fence at Monze State Prison were not yet completed. This was caused by delayed authority from the Ministry of Home Affairs Headquarters in respect of the change in the scope of works. However, all the works that were on the original bill of quantities were completed and the contractor was working on the additional works due to the change in the scope of work.

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

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

ii. *Construction of Duty Room and Ablution Block at Monze State Prison*

The Controlling Officer acknowledged that at the time of audit, the construction of the duty room and the ablution block at Monze State Prison were not yet completed. This was caused by delayed payment on the submitted certificate which was for more than 80 % of works done. However the contractor was on the site working.

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

Your Committee notes the submission and urges the Controlling Officer to ensure that the Administration liaises with the Ministry of Transport, Works, Supply and Communications to ensure that completion certificates are processed in time. Your Committee awaits a progress report.

iii. *Rehabilitation of Maramba Stadium*

The Controlling Officer submitted that only the irrigation system had been installed and as for the goal post, markings and leveling measurements, these could only be done after the completion of the stadium.

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

Your Committee urges the Controlling Officer to ensure that works are expeditiously done. Your Committee awaits a progress report on the matter.

iv. *Rehabilitation of Harry Mwaanga Nkumbula Stadium*

The Controlling Officer submitted that the connection of water pipes and the application of black soil were not part of the budget. The amount which was meant for the Kikuyu grass was retired since the ground was not ready.

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

Your Committee expresses concern at the failure by the officers to avail expenditure returns to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

## **OFFICE OF THE PRESIDENT – SOUTHERN PROVINCE**

### **AUDIT QUERY**

PARAGRAPH 87

PROGRAMME: Water Affairs

ACTIVITIES: Various

### **Accounting and Other Irregularities**

87. An examination of accounting and other records maintained at the Provincial Administration and Provincial Water Affairs Office and a physical inspection of selected projects carried out in November, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to Implement Funded Projects – K2,000,000**

The Controlling Officer submitted that the delay was caused by tender procedures required in the procurement of the contractor. The contract for the construction of the Ganikoongo Dam and had since been awarded.

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

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

b) **Questionable Payment of Allowances**

The Controlling Officer submitted that the tender minutes were available for verification.

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

Your Committee expresses concern at the failure by the officers to avail tender minutes to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

c) **Delayed Completion of Project-Construction of Konkola Dam in Mazabuka**

The Controlling Officer submitted that all the materials for the construction of the dam were procured and construction was going on. Further, the Provincial Water Affairs Officer was suspended for causing loss to the Government.



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

Your Committee urges the Controlling Officer to ensure that works are thoroughly supervised and expeditiously completed. Your Committee awaits a progress report on the matter.

d) **Rehabilitation of Chimowa Dam**

The Controlling Officer submitted that the crack had been mended by the Department of Water Affairs.

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

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

## **OFFICE OF THE PRESIDENT - SOUTHERN PROVINCE**

AUDIT QUERY

PARAGRAPH 88

PROGRAMME: Tourism and Investment

ACTIVITIES: Various

### **Accounting and Other Irregularities**

88. An examination of accounting and other related documents carried out at the Provincial Administration between January and March, 2014, revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Unsupported Payments-K218,194**

The Controlling Officer submitted that all payments in amounts totalling K218,194 had since been supported and were available for verification.

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

Your Committee observes that this was a very serious omission and urges the Controlling Officer to take disciplinary action against the erring officers. Your Committee awaits a progress report on the matter.

b) **Irregular Payment of Allowances**

i. *Sitting Allowances*

- **Failure to produce Minutes**

The Controlling Officer submitted that minutes of the Local Organising Committee were availed to the auditors and were still available for further verification.

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

Your Committee expresses concern at the failure by the officers to avail minutes of the Local Organising Committee to the auditors at the time of audit. Your Committee resolves to close the matter subject to audit verification

- **Irregular Payment-K245,000**

The Controlling Officer submitted that amounts totalling K245,000 were appropriately paid to the officers since they were formally invited to serve on the Local Organising Committee. Appointment letters were available for verification.

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

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

- **Overpayment of Allowances – K74,000**

The Controlling Officer submitted that authority from Cabinet Office for the payment of these allowances was granted by the Acting Permanent Secretary at Cabinet Office.

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

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

ii. *Overpayment of Allowances*

The Controlling Officer submitted that authority from Cabinet Office for the payment of these allowances was granted to the Acting Permanent Secretary at Cabinet Office.

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

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

c) **Weaknesses in Management of Imprest**

i. *Failure to retire Accounting Imprest-K101, 652*

The Controlling Officer stated that all the outstanding imprests amounting to K101,652 had since been retired.

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

Your Committee expresses concern at the failure by the officers to avail supporting documents to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

ii. *Irregular Use of Accounting Imprest – K231,129*

The Controlling Officer submitted that funding for the UNWTO-General Assembly was released very late and this left them with no ample time to procure the goods and services using conventional tender procedures. Therefore, the issuance of accountable imprest was the only option to speed up payments to guarantee timely and successful hosting of the important event.

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

Your Committee urges the Controlling Officer to strictly follow procurement procedures at all times. Your Committee resolves to close the matter subject to audit verification.

iii. *Questionable Accountable Imprest Retirements – K97, 866*

The Controlling Officer submitted that the discrepancy was due to the fact that most of the activities had started taking place before payments could be made due to the urgency of the program. Furthermore, some activities took place after the payment date.

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

Your Committee urges the Controlling Officer to ensure that all the imprest is recovered from the affected officers.

iv. *Irregular payment of Subsistence Allowance*

The Controlling Officer submitted to Your Committee that the officers were paid full local rate for a local activity during which an event arose that required the same officers to attend a meeting in a foreign country (Zimbabwe). In order to avoid an overpayment, a foreign rate was reduced by taking into consideration the DSA.

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

Your Committee notes the submission but urges the Controlling Officer to act only within the provisions of Financial Regulations in future to avoid recurrence of this anomaly. The matter is, however, recommended for closure subject to audit verification.

d) **Payment made for an Activity not related to UNWTO**

Your Committee resolves to close the matter.

e) **Procurement of Equipment, Goods and Services for Unregistered Companies with Dormant Value Added Tax (VAT) Accounts**

The Controlling Officer submitted that at the time of awarding contracts, all companies had submitted valid Tax Clearance Certificates from Zambia Revenue Authority (ZRA).

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

Your Committee expresses concern at the failure by the officers to avail valid Tax Clearance Certificates to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

f) **Management of Motor Vehicles, Equipment and Goods for UNWTO**

i. *Failure to Handover Equipment*

The Controlling Officer submitted that the Province had directed the concerned officers to surrender the ipads and laptops immediately, failure to which disciplinary action would be taken against them.

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

Your Committee directs the Controlling Officer to recover the equipment without further delay. Your Committee awaits a progress report on the matter.

ii. *Unaccounted for Equipment, Goods and Services*

The Controlling Officer submitted that receipts and disposal details in respect of the laptops, scanners, computers and ipads were available for verification.

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

Your Committee expresses concern at the failure by the officers to avail receipts and disposal details to the auditors at the time of audit. The Controlling Officer is urged to

ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

g) **Weaknesses in the Management of Fuel**

i. *Fuel Drawings by non-Government Vehicles – K37, 928*

The Controlling Officer submitted that authority was sought from GTCU to use vehicles with private number plates during the UNWTO General Assembly. This was meant to satisfy all transportation needs due to the magnitude of the event.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail authority documents to the auditors at the time of audit. The Controlling Officer is urged to avail the said authority failure to which disciplinary action should be taken against the erring officers. Your Committee awaits a progress report on the matter.

ii. *Questionable Drawings of Fuel-K 7,673.45*

The Controlling Officer submitted that the fuel costing K7,673.45 was for use in the generator hence no motor vehicle registration numbers were recorded. As for the fuel that remained, the Controlling Officer granted authority for departments to utilise it for their administrative needs.

**Committee's Observations and Recommendations**

Your Committee does not accept the explanation given by the Controlling Officer and urges the Controlling Officer to ensure that all relevant documents pertaining to the drawing of fuel are availed to the auditors for verification failure to which recoveries should be made from the officers concerned. Your Committee resolves to await a progress report on the matter.

iii. *Irregular Drawing of fuel-K4,936*

The Controlling Officer submitted that the former Permanent Secretary continued to draw fuel since he was still within three months in lieu of notice period which was before his final separation from service. However, a letter was written for him to refund the K4,936 for litres that were drawn beyond the three months.

**Committee's Observations and Recommendations**

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

iv. *Unaccounted for Fuel – K41,000*

The Controlling Officer submitted that all the receipts and fuel books were available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail receipts and fuel books to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers for this lapse. Your Committee awaits a progress report on the matter.

h) **Rehabilitation of the former Provincial Administration Offices in Livingstone**

The Controlling Officer submitted that as per ZPPA guideline, the Provincial Tender Committee had authority to approve a selective tender method. The minutes were available for verification. She, however, regretted that at the time of audit, the contractor had abandoned the site. However, the contractor was recalled and all the works which were part of the contract had since been completed.

**Committee's Observations and Recommendations**

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

**OFFICE OF THE PRESIDENT - SOUTHERN PROVINCE – HEADQUARTERS**

**AUDIT QUERY**

PARAGRAPH 89

PROGRAMME: Infrastructure Development UNWTO and Provincial Administration Office

ACTIVITIES: Various

**Accounting and Other Irregularities**

89. An examination of accounting and other records maintained at the Provincial Administration carried out in March, 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Misapplication of Funds-K134,220.60**

The Controlling Officer submitted that amounts totalling K134,220.60 were spent on the visit to Livingstone by His Honour the Vice-President of the Republic of Zambia, an activity which was not related to infrastructure development. This was done on the understanding that funds would be reimbursed by the Office of the Vice-President since the hosting province (Southern Province) did not have such a budget line against which to support such an activity. The Controlling Officer explained that the office wrote an initial letter to the Permanent Secretary (Administration) in the Office of the Vice-President in Lusaka requesting reimbursement of the funds as well as a follow-up letter. The reimbursement was yet to be received.

**Committee's Observations and Recommendations**

Your Committee notes the submission, but cautions the Controlling officer to ensure that a budget line is strictly followed to avoid failure to implement other equally important activities. The Controlling Officer is further urged to ensure that she works with the Office of the Secretary to the Treasury to release funds so that activities that are outstanding can be financed after reimbursement. Your Committee awaits a progress report.

b) **Unretired Accountable Imprest – K510, 770**

The Controlling Officer submitted to your Committee that the whole amount which was issued to (83) members of staff had since been retired and was available for audit verification.

**Committee's Observations and Recommendations**

Your Committee expresses concern at the failure by the officers to avail retirement documents to the auditors at the time of audit. The Controlling Officer is urged to ensure that disciplinary action is taken against the erring officers. Your Committee awaits a progress report on the matter.

c) **Irregular payment of Loading and Off – loading Allowances – K172,700**

The Controlling Officer submitted that the payment of five nights allowances to the officers was meant to cover the unavoidable expenses of their upkeep after they had relocated following the declaration of Choma as the new administrative capital of Southern Province and not as loading and off-loading Allowances. The officers were expected to comply with the directive to move and hence the indulgence of the Secretary to the Treasury for payment of these allowances was sought.

**Committee’s Observations and Recommendations**

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

**Rehabilitation of an Interim Office Block for the Provincial Administration-Choma**

i. *Engagement of Contractor without Clearance from the Attorney-General*

The Controlling Officer submitted that the urgent nature of the assignment and the need to be time – efficient in the run up to hosting the UNWTO Conference demanded immediate commencement of works. The Controlling Officer noted that this was done on the understanding that clearance from the Attorney-General in respect of various contractors would be obtained retrospectively. The Office sought retrospective clearance from the Attorney-General.

**Committee’s Observations and Recommendations**

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

ii. *Irregular Charging of VAT by the Contractor*

The Controlling Officer submitted that at the time of awarding contracts, all companies were requested to submit valid VAT certificates from the Zambia Revenue Authority (ZRA).

**Committee’s Observations and Recommendations**

Your Committee urges the Controlling Officer to ensure that there is serious scrutiny of documents submitted by contractors to avoid recurrence of this lapse. Your Committee is of a view that the officers must be disciplined for failure to ascertain whether the contractors are VAT registered or not. Your Committee awaits a progress report on the matter.

d) **Construction of International Bus Terminus in Livingstone**

i. *Engagement of Contractor without Clearance from the Attorney-General*

The Controlling Officer stated that the urgent nature of the assignment and the need to be time – efficient in the run up to hosting the UNWTO conference demanded immediate commencement of works. This was done on the understanding that clearance from the Attorney General in respect of various contractors would be obtained retrospectively. The Office had sought retrospective clearance from the Attorney-General.

**Committee’s Observations and Recommendations**

Your Committee strongly urges the Controlling Officer to desist from flouting procedures and to ensure that authority is sought without any further delay. Your Committee awaits a progress report on the matter.

ii. *Lack of Bills of Quantities Equal to the Contract Sum*

The Controlling Officer stated that the type of contract followed was an Integrated Construction Unit (ICU). This meant that it was a build and design method that was based

on the contract sum of K41,500,000. The implication was that any other costs that would arise would only be incurred by the contractor.

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

Your Committee cautions the Controlling Officer against entering into such contracts which is not well defined in terms of the Bill of Quantities. The Controlling Officer is urged to ensure that all such contracts involve the Attorney-General for guidance to avoid recurrence. Your Committee awaits a progress report on the matter.

iii. *Delayed Completion of Works*

The Controlling Officer stated that the contractor for the International Bus Terminus in Livingstone was granted an extension of time. The delay was caused by erratic funding.

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

Your Committee urges the Controlling Officer to ensure that funding is secured and that the works are completed without any further delay. Your Committee awaits a progress report on the matter.

e) **Construction of an Ultra-Modern Market in Livingstone**

The Controlling Officer submitted that the construction of the Ultra-Modern Market in Livingstone could not be finished on time due to the delayed release of funds. The cracks were being mended by the Contractor since this was still within the defect liability period and the extension of time was granted.

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

Your Committee urges the Controlling Officer to ensure that funding is secured and that the works are completed without any further delay. Your Committee awaits a progress report on the matter.

### **OFFICE OF THE PRESIDENT - SOUTHERN PROVINCE**

AUDIT QUERY

PARAGRAPH 90

PROGRAMME:

Rural Roads Unit

ACTIVITIES:

Various

#### **Accounting and Other Irregularities**

90. An examination of accounting and other records maintained at the Provincial Administration carried out in June 2014 revealed accounting and other irregularities to which the Controlling Officer responded as set out below.

a) **Failure to Implement Project**

The Controlling Officer submitted that at the time of audit, the rehabilitation of rural roads could not be implemented because the funds were varied for the construction of six-storey office block and associated residential accommodation.

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

Your Committee expresses concern at the manner the Controlling Officer chose to vary funds that are meant for rural roads. Your Committee urges her to ensure that all funds are reimbursed without any further delay and also ensure that the construction of a six storey office block and other projects are allocated budget lines to avoid recurrence. Your Committee awaits a progress report.

b) **Fuel Drawn and Used on Activities Other than RRU Activities**

The Controlling Officer submitted that the borrowings had since been reimbursed and the rest of the fuel drawn was used on rural roads - related activities.

**Committee's Observations and Recommendations**

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

c) **Construction of Roads –Incomplete Works and Poor Workmanship on Roads**

The Controlling Officer submitted that all the works concerned were re-done and ready for verification.

**Committee's Observations and Recommendations**

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

**CONSTITUTIONAL AND STATUTORY EXPENDITURE- HEAD:99**

**AUDIT QUERY**

PARAGRAPH 91

PROGRAMMES: Various

ACTIVITIES: Various

**Accounting and Other Irregularities**

91. An examination of accounting and other records maintained at the Ministry of Finance Headquarters carried out in September, 2014, revealed accounting and other irregularities to which the Secretary to the Treasury responded as set out below.

a) **Position of Public Debt- 18% increase**

The Secretary to the Treasury submitted that the 18% increase in the position of the public debt was as a result of the increase in the stock of the domestic debt which rose from K15.357 Billion to K20.485 Billion representing a K5.1 Billion increase. The increase in the domestic debt was attributed to the increase in the Government Securities Tender Sizes from K450 Million to K600 Million for Treasury Bills and from K600 Million to K920 Million for Government Bonds in order to raise resources to meet funding requirements for higher than programmed domestic financing in the year under review (2013). The higher than programmed financing was as a result of the need to compensate for the lower than programmed foreign financing during the year under review (2013).

**Committee's Observations and Recommendations**

Your Committee notes the submission from the Secretary to the Treasury, but urges him to exercise caution in debt contraction in order for the Country not to drift back into an unsustainable debt position which could threaten the past economic development gains of the Country. Your Committee also calls on the Government to consider introducing legislation in the House that will increase the participation of the Legislature in debt contraction. Your Committee requests the Auditor General to keep the matter in view in future audits.

b) **Delays in Loan Repayments**

The Secretary to the Treasury submitted that the delays in the payments during the year under review was because of the systems used to service the debts where funding was done on a monthly basis due to the uncertainty in the revenue flows. The Treasury had since changed the approach of funding on monthly basis to funding for the debt servicing as and when the amounting payable fell due which had reduced charging of unnecessary penalties on the debt due.



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

Your Committee resolves to close the matter but urges the Secretary to the Treasury to ensure that funding delays are addressed in order to reduce the risk of being charged penalties due to delays in payments. Your Committee requests the Auditor General to note the matter in future audits.

#### **c) Failure to carry out Monthly Reconciliations**

i. *Differences between Expenditure Details on Statement "C" and Cashbook-K39,754,554*

The Secretary to the Treasury submitted that the difference of K39,754,554 between financial statement "C" of the Financial Report and the cashbook expenditure was satisfactorily explained to the auditor during the verifications exercise and the matter was resolved.

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

Your Committee resolves to close the matter.

ii. *Un – reconciled Differences-K12,421,480*

The Secretary to the Treasury submitted that the difference of K12,421,840.38 between cashbook and the abstracts were reconciled and a detailed reconciled position was availed to the auditors during the verifications exercise and the matter was resolved.

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

Your Committee resolves to close the matter.

iii. *Failure to Recover On–Lent loans*

The Secretary to the Treasury submitted that the Treasury was still conducting a restructuring of SOEs balance sheet in order to resolve the issue of on-lent loans and strengthen the balance sheets. The target of the Treasury was to restructure at least four SOEs per annum and through this exercise, the Treasury did restructure ZCCM – IH in 2014.

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

Your Committee expresses concern at the way the on – lent loans to State Owned Enterprises are being managed and urges the Secretary to the Treasury to review the effectiveness of the facility. Your Committee resolves to close the matter, but requests the Auditor-General to note the matter in future audits.

iv. *Treasury Bills and Bonds*

The Secretary to the Treasury acknowledged that the Treasury underfunded the servicing of interest on Treasury Bills by K114,875,464 and Government Bonds by K242,643,980. He submitted that the difference cited in the audit arose out of the fact that the Treasury based its funding on projections made by the Bank of Zambia before the auctioning, while it paid out the interest based on the actual interest charged at the time of maturity. In order to resolve the matter, the Government had introduced a new system for management of Government Securities, namely; the Central Securities Depository (CSD) which linked online the Debt Management Unit at the Treasury with Bank of Zambia, thereby, avoiding the issue of funding on projections and payment of actual interest on maturity.

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

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

- v. *Un-reconciled Treasury Bills and Government Bonds Sale Proceeds*  
The Secretary to the Treasury submitted that the introduction of the new system for the management of Government Securities (Central Securities Depository – CSD) was expected to resolve the difficulties in reconciling the Treasury Bills and Government Bonds Sale Proceeds. On the documentations for Financial Year ended 31<sup>st</sup> December, 2013 relating to the Off Tender Sales, the Treasury and Bank of Zambia were still reconciling the sales figures and once completed would be availed for audit scrutiny.

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

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

## **LOCAL TOUR TO SELECTED CONSTRUCTION PROJECT SITES**

92. Your Committee toured some selected construction projects in Central, Southern and Western Provinces of Zambia. The objective was to make follow ups on some matters raised in the recent Auditor General's Reports. Your Committee toured a number of projects under various Ministries and Provinces and its findings are as set out below.

- a) **Central Province**  
**Infrastructure Development - Abandoned Projects**  
**Project: Mumbwa Day High School**

In the report on the Auditor General for the Financial Year Ended 31<sup>st</sup> December, 2012, the Controlling Officer during the Committee's sitting submitted that the classroom blocks had reached gable level and that the contractor was persuaded to resume works to which he agreed and was on site.

### **Committee's Findings**

At the time of the tour, the following were observed:

- the status was not a true reflection of what the Controlling officer had submitted before your Committee in that there were only two blocks that were at gable level while the rest were still either at lintel or window levels;
- the contractor had abandoned the works and was not on site as purported; and
- there is lack of seriousness by the Controlling Officer in his submission.

### **Committee's Recommendations**

Your Committee urges the Government to ensure that the project is completed expeditiously and that a review of the process of payment for projects is done vis-à-vis the use of a Single Treasury Account Capital. Your Committee further urges the Government to ensure that it take seriously visits by Parliament as no one from the Ministry accompanied your Committee to answer queries despite the Controlling Officer having received notification about the visit. Your Committee awaits a progress report on the matter.

b) **Western Province**

- i. *Construction of a Regional Veterinary Laboratory- Mongu at K4,299,995*  
Scope of works included; substructure, concrete works, block and brick work on the ground and first floors, roofing, plumbing, glazing, electrical installations, floor and wall finishes and drainage.

During your Committee sittings held in March, 2015, the Controlling Officer reported that flooring had been done and most of the building had been plastered and works were on-going.

**Committee's Findings**

- Your Committee found that the Controlling Officer misled your Committee as flooring was not yet done. The Engineer from Raymond Construction, the contracted firm, informed your Committee that there were variations on the type of floor to be constructed throughout the building.
- Certificates of Completion were already paid up to 99% of the contract sum, yet, generally speaking, the works carried out could not correlate with the amounts paid. Your Committee observed that works were less than 70% completed.
- The contractor was not on site as earlier purported by the Controlling Officer in his submission before your Committee. The Engineer confirmed that he and his helpers were only on site a few days before the visit by your Committee which move was regarded questionable.
- Approval on variation had taken too long and the allowance of it delayed completion and gave room to the contractor to use it as a scapegoat for his delay to a great extent.
- There was lack of coordination between Ministry of Transport, Works, Supply and Communications and the client Ministry especially with regard to supervision of works.

**Committee's Recommendations**

Your Committee urges the Government to ensure that the project is completed expeditiously and that a review of coordination between the consulting and the client ministries is enhanced without any further delay. Your Committee furthermore urges the Controlling Officer, to desist from misleading your Committee it. The Ministry is also urged to take seriously visits by Parliament as no officer from the supervising Ministry accompanied your Committee to respond to queries when your Committee raised despite the Controlling Officer having received notification about the visit. Your Committee awaits a progress report on the matter.

- ii. *Wasteful Expenditure - The New Mongu Ultra-Modern Stadium K260,307*  
An amount of K300, 000 was received for the clearing of the site in readiness for the construction of the New Ultra-Modern Stadium in Mongu. The scope of works included bush clearing, uprooting and removing of shrubs and stamping on an area of 500,000 m<sup>2</sup>. In this regard, casual workers, officers from the Departments of Youth and Sports and the Survey Department with equipment from Rural Roads Unit, were to carry out the works.

As of March, 2014, a total amount of K260,307 had been spent leaving a balance of K39,693. A physical inspection of the project carried out on 21<sup>st</sup> March, 2014, revealed that shrubs that were purported to have been uprooted had over - grown and no works had commenced as of November, 2014.

In his submission to your Committee, the Controlling Officer submitted that before the site could be handed over to the contractor, the Central Government decided to re-advertise the

tender for the construction of the stadium. Due to the delay in the awarding of the contract, commencement of works delayed causing the shrubs (vegetation) to re-grow.

### **Committee's Findings**

- Your Committee observed with concern that all the works that were initially done would be redone and thus the expenditure is wasteful.
- There was lack of systematic planning on the part of Government.
- Political pronouncements must be in line with the Government's policy direction to avoid unplanned activities outside the Yellow Budget.

### **Committee's Recommendations**

Your Committee urges the Government to ensure that the project is completed expeditiously and that there is a budget line for this activity in the Yellow Book. Your Committee further urges the Government to ensure that there was systematic planning of activities to avoid recurrence. Your Committee awaits a progress report on the matter.

- iii. *Lewanika School of Nursing (Construction of Student's Hostel)*  
Contractor: Bekile Enterprise, Contract Period: 17.01.13-27.05.13, Contract Price: K621,550, amount Paid 383,161. Scope of works included; Construction of Lecture Theatre at the ZEN School. The structure had remained abandoned at wall plate level and no action had been done so far.

During its sittings, your Committee was informed by the Controlling Officer that the contract with Bekile Enterprises for the construction of a lecture theatre at Zambia Enrolled Nurses (ZEN) was terminated due to non-performance of the contractor. The works had been re-advertised.

### **Committee's Findings**

- There was poor workmanship on both the inside and outside walls.
- Certificates of Completion were already paid up to 73% of the contract sum, yet, generally speaking, the works carried out could not correlate with the amount paid. Your Committee observed that works were only less than 30% completed.
- Your Committee observed that it was very expensive to cancel a contract with a contractor and hence there was need to scrutinise contractors before being awarded contracts.

### **Committee's Recommendations**

Your Committee is of a view that the whole building is simply a write off and needs a complete overhaul and it recommends the matter to law enforcement agencies for further probe. It also recommends that the Provincial Buildings Engineer who certified these works be disciplined for certifying payment for such shoddy works. Your Committee awaits a progress report.

- iv. *Mongu Kalabo road*  
A review of the project in 2012, revealed that on 31<sup>st</sup> December, 2009, the Road Development Agency (RDA) awarded a contract to Messrs AVIC for construction of approximately 35 km of the Mongu to Kalabo Road (Mongu – Tapo section) at a negotiated contract value of K1,334,791,480,089 (US\$286,935,923) exclusive of VAT and any other local taxes.

The Government of the Republic of Zambia and EXIM Bank of China signed a loan agreement on 4<sup>th</sup> July, 2011, for the provision of US\$244 million to finance the implementation of the Mongu Kalabo Road Project.

The scope of works included massive earthworks for 34 km of embankment, construction of twenty five bridges, construction of 1022 m bridges across Zambezi River, constructions of crushed stone base, bituminous surfacing, ancillaries like road markings, traffic signs, kilometre posts, guard rails and erosion protection works. As of November, 2012, amounts totalling K421,149,954,032 (US\$86,080,776.82) had been paid to the contractor.

### **Committee's Findings**

Your Committee noted that works were on course, but observed with concern that the pace at which the works were proceeding would result in delays as works outstanding would not be finished before the onset of rains. Your also Committee also observed that the shortage of cement had impacted negatively on the progress to the point where concrete works stopped at times for considerable duration.

### **Committee's Recommendations**

Your Committee urges the Government to ensure that the project is completed expeditiously by ensuring that the contractor assigns more teams to essential tasks on the critical path like the erosion protection works to finalise works on time. It further urges the Government to ensure that the contractor identifies another back up source for cement and requests the Government to prioritise this project considering the nature of the area (Flood Plain) and limited time of construction. Your Committee awaits a progress report on the matter.

v. *Construction of Limulunga – Ushaa Road*

The unit planned to construct a stretch of 8 km of the Ushaa road at an estimated cost of K845, 911. In this regard, the Zambia National Service was engaged to carry out the works using Force Account. The projected duration of the works was 120 days from 24<sup>th</sup> January, 2013 to 22<sup>nd</sup> May, 2013. The scope of works involved road formation, side and mitre drains, gravelling and compacting. As of February, 2014, amounts totalling K1, 291,481 had been spent on fuel (K667, 566), allowances (K483, 550) and spare parts (K140, 365). A physical inspection of the works carried out in June, 2014, revealed that the road had been reshaped for a stretch of 8km from Ikwichi Culvert Bridge after which a stretch of 3.6km was constructed bringing the total of kilometres worked on to 11.6km. The following were also observed:

- heavy gullies on the side slopes approaching the Ikwichi culvert bridge had developed; and
- severe potholes on the ridding surface between the 5.8km and 6.5km points had developed.

The road had narrowed in width due to the eroded road slope and side drains. The side drains had overgrown with vegetation.

In his response before your Committee during its sittings, the Controlling Officer submitted that works had been done on this road as planned. However, the noted defects that occurred were due to the sandy terrain of the area. Efforts were being made to include in the budget funds for remedial works to rectify the noted defects.

## **Committee's Findings**

Your Committee observed that:

- there were drainages on the side of the road;
- the road was too narrow and had several sandy potholes;
- bushes had overgrown on the sides of the road; and
- re – evaluation to reduce the coverage from 8 km to 3.6 Km by the Zambia National Service (ZNS) was questionable.

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

Your Committee urges the Government to ensure that the road is considered for upgrading to bituminous standard as your Committee finds it wasteful to do spot grading which was not working out to solve the problem. Your Committee urges the Controlling Officer, particularly, to ensure that that this is done expeditiously, as the road under discussion is actually the only access road to a new district. Your Committee awaits a progress report on the matter.

### **c) Southern Province**

#### **i. *Construction of International Bus Terminus in Livingstone***

On 14<sup>th</sup> February 2013, Ndilila Associates and Architects were awarded a contract for the construction of an International Bus Terminus at a contract price of K41,500,000. The contract was for a period of five months from 14<sup>th</sup> February to 14<sup>th</sup> July, 2013, based on an Integrated Construction Unit (ICU) method of works.

According to the contract, Ndilila Associates and Architects was supposed to design and carry out construction works under the Integrated Construction Unit (ICU) method of works for the Provincial Administration on behalf of Livingstone City Council which was the end user. As of June, 2014, amounts totalling K33,212,000 had been paid to Ndilila Associates and Architects leaving a balance of K8,288,000.

During its sittings, your Committee heard from the Controlling Officer that the urgent nature of the assignment and the need to be time - efficient in the run up to hosting the UNWTO Conference demanded immediate commencement of works. This was done on the understanding that clearance from the Attorney-General in respect of various contractors would be obtained retrospectively. The Controlling Officer and his team confirmed to your Committee that his office sought retrospective clearance from the Attorney General. The type of contract followed was an Integrated Construction Unit (ICU). This meant that it was a build and design method that was based on the contract sum of K41,500,000. The implication was that any other costs that would arise would only be incurred by the contractor (and not the client). However, the contractor for the International Bus Terminus in Livingstone was granted an extension of time due to delays which was caused by erratic funding from the Government.

## **Committee's Findings**

Your Committee observed with concern that:

- the variations on the contract were far above 25% of the contract sum which meant that the additional works should have been re – advertised;
- the primary objective of being completed before the hosting of the UNWTO Conference was not met despite abrogation of procurement procedure;
- there was a mismatch between the budget and the terms of reference of the Integrated Construction Unit (ICU) contract;

- the contractor agreed to carry out the works, but later abandoned the site despite having been paid over 80% of the contract sum and works carried out did not correlate with the said amount;
- the whole process of selection was questionable as to how the bids were handled; and
- the exclusion of the Provincial Buildings Department in these constructions works was highly questionable.

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

Your Committee recommended as set out below:

- as per procedure, the Government must consider re-advertising the contract since the variations are above 90% and the process of selection is made as transparent as possible;
- the Government must avoid at all costs the ICU type of contraction method as it is a drawback to development because it has a lot of lacunas to the advantage of the contractors;
- the Government must use all available options to ensure that construction works are resumed and expedited without any further delay;
- all Government contracts must be consulted with and approved by the Office of the Attorney General to avoid recurrence of this situation; and
- Government must ensure that the Buildings Department, which department is mandated to carry out and supervise construction works, is fully utilised and involved in all works carried out within their respective areas.

#### ii. *Construction of an Ultra-Modern Market in Livingstone*

On 14<sup>th</sup> February, 2013, GES Architects were engaged to construct an ultra-modern market using an Integrated Construction Unit (ICU) method at a total contract sum of K28,500,000 with a completion period of five months commencing from the date of signing the contract. The scope of works was to design and construct the market.

As of March, 2014, amounts totalling K19,967,650 had been paid to the contractor. However, although G.E.S was engaged to carry out the works, no clearance of the contract from the Attorney General was obtained. A physical inspection of the project carried out in November, 2014, revealed that works had not been completed thirteen months after the expected completion date. In particular, works such as construction of external manholes, boundary wall, gate, glazing, ceiling, fitting of balustrades to staircases, guard rails, elevated water tanks, electrical wiring and plumbing were outstanding. In addition, cracks had developed on the second floor.

In his response before your Committee during its sittings, the Controlling Officer stated that construction of the Ultra-Modern Market in Livingstone could not be finished on time due to the delayed release of funds. The cracks were being mended by the Contractor since this was still within the defective period.

### **Committee's Findings**

Your Committee observed with concern that:

- the cracks were still visible contrary to a report that they were mended and no works were taking place at the time of the visit;
- the variations on the contract were far above 25% of the contract sum which meant that the additional works should have been re – advertised;
- the primary objective of being completed before the hosting of the UNWTO Conference was not met despite abrogation of procurement procedure;

- there was a mismatch between the budget and the terms of reference of the Integrated Construction Unit (ICU) contract;
- the contractor agreed to carry out the works but later abandoned the site despite having been paid over 80% of the contract sum and works carried out did not correlate with the said amount;
- the whole process of selection was questionable as to how the bids were handled; and
- the exclusion of the Provincial Buildings Department in these constructions works was highly questionable.

### **Committee's Recommendations**

Your Committee recommends as set out below:

- the Controlling Officer is strongly cautioned against misleading your Committee and is, particularly, urged to ensure that all information given to Parliament is factual and presents the actual situation on the ground;
- the Government must re-advertise the contract since the variations are above 90% and the process of selection should be made as transparent as possible.
- the Government must avoid at all costs the ICU type of contraction method as it is a drawback to development because it has a lot of lacunas to the advantage of the contractors.
- the Government must use all available options to ensure that construction works are resumed and expedited without any further delay; and
- all Government contracts must be consulted with and approved by the Office of the Attorney General to avoid recurrence.

#### iii. *Livingstone District Council - Rehabilitation of Fire Station*

The Council was funded an amount of K800,000 for the rehabilitation of a fire station. In this regard, Kakonto Construction Enterprises Limited was engaged to carry out the works at a contract sum of K1,249,805. As of June 2014, the contractor had been paid amounts totalling K393,822.

A physical inspection conducted in August, 2014, revealed that works on the fire station had not been completed and the contractor was not on site.

In his response dated 12<sup>th</sup> August 2014, the Controlling Officer stated that the contractor abandoned the contract after being queried on some unsatisfactory works. The Council had since written to the Provincial Administration Office of Southern Province to assess the works for onward termination of the contract.

### **Committee's Findings**

Your Committee observed with concern that:

- generally, there was poor workmanship as tiles and gullies were not properly installed;
- works carried out did not correlate with the amount paid;
- the whole process of selection was questionable as to how the bids were handled owing to the fact that the contractor failed to perform; and
- from the onset, the Provincial Buildings Engineer was not involved in the supervision of works which was highly questionable. Instead, the Director of Works at the council was the one overwhelmed with all the works at the time. Your Committee found this to be highly irregular and questionable.



## **Committee's Recommendations**

Your Committee recommends as set out below.

- the Government must use all available options to ensure that construction works are resumed and expedited without any further delay;
- all Government contracts must be consulted with and approved by the Office of the Attorney General to avoid recurrence of this anomaly;
- liquidated damages must be claimed from the contractor; and
- there must be coordination of all Government Ministries involved in the works and Government must ensure that capacity is enhanced at the Provincial Buildings Engineer's Office to enable the Department function effectively and efficiently.

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

### iv. *Rehabilitation of Maramba Stadium*

The Provincial Administration received an amount of K500,000 from the Ministry of Youth and Sport Headquarters. The funds were meant for the rehabilitation of Maramba Stadium in Livingstone in readiness for the UNWTO General Assembly. The rehabilitation works were carried out and coordinated by the Provincial Sports Department in collaboration with other Government Departments and Livingstone City Council.

The scope of works included the extension of power supply from ZESCO, sinking of a borehole, water tank installation, planting Kikuyu grass on the playing field, demolition of old stands and repair of the wall fence. As at 31<sup>st</sup> December, 2013, amounts totalling K455,619 had been spent on activities such as procuring and planting of Kikuyu grass, paying casual labour, fuel for operations, fumigation of the field and sinking of a borehole, among others, leaving a balance of K44,381. A physical verification carried out in November, 2014, revealed that works had stalled and the following works were still outstanding: Irrigation system' levelling; measurements; markings; and fitting of goal posts. Further, the planted Kikuyu grass was dry due to lack of an irrigation system. It was not clear as to why management procured and planted the Kikuyu grass before the installation of the Irrigation system.

In his response before your Committee, the Controlling Officer agreed that at the time of audit, works on the irrigation system, leveling measurement, markings and fitting of goal posts had stalled. However, only the irrigation system had been installed and as for the goal post, markings, levelling measurements, these could only be done after the completion of the Stadium.

## **Committee's Findings**

Your Committee observed the following during the tour:

- the cost of the tank, the sinking of the borehole, and the purchase and installation of the tank stand was exaggerated at an amount of K85 million and it was highly questionable;
- the procurement was initiated by the former Controlling Officer which was highly irregular;
- the installation of some parts of the irrigation system was merely done a day before the visit by your Committee and thus your Committee expressed concern at the Controlling Officer's attempt to mislead it was reported earlier that the system had been working;
- the stalled works were caused by a parallel project within the stadium by Government on the grand stand;
- supervision of works was done by the Ministry of Youth and Sports from Head Quarters which was questionable; and

- erratic funding also caused delays on the works.

### **Committee's Recommendations**

Your Committee recommends as set out below.

- the matter must be reported to law enforcement agencies to probe further on the escalated cost of the water system;
- the Government must expedite the process of concluding the remaining works on the grand stand which has greatly affected the completion of the initial works;
- the Government is urged to ensure that there is a systematic planning of works and that funding must be released as and when it is needed to avoid stalling works which may result in unforeseen costs due to vandalism or theft;
- Supervision of works at the Stadium must be handed over to other relevant ministries which have structures at grassroots (district) level to ensure maximum supervision and reduced administrative costs;
- There is a great need to decentralise supervision of works as it is too costly to supervise from afar and also that standards would be compromised since the officers will not be stationed at the site; and
- The Controlling Officer is seriously cautioned to desist from misleading your Committee as he did on the water irrigation system.

v. *Rehabilitation of the former Provincial Administration Offices in Livingstone*

The Provincial Administration Office awarded a contract to PEVID Enterprise company on 13<sup>th</sup> August, 2013 for the rehabilitation of the former Provincial Administration Offices in Livingstone at a contract sum of K118,922 in readiness for the UNWTO–GA which was held from 24<sup>th</sup> to 29<sup>th</sup> of August, 2013. The contract was for a period of two weeks from 13<sup>th</sup> August, 2013, to 27<sup>th</sup> August, 2013. As of August 2014, the contractor had been paid amounts totalling K59,850. The scope of works included, among others, supplying and fixing of four gates, scrapping of the old paint and painting the structure with new paint, hacking out the peeling off paint from the walls and flower beds, among others. A review of the records relating to the rehabilitation revealed the following.

Contrary to the *Public Procurement Act* of 2008, the Contractor was single sourced without obtaining authority from ZPPA to use selective bidding.

A physical inspection carried out in March, 2014, seven months after signing the contract revealed that the works had stalled and the contractor had since abandoned the site with the following works still outstanding:

- removal of carpets;
- PVC tiles;
- fixing of ceramic tiles in the male toilet and Permanent Secretary's toilet;
- painting of the passage, hand rails on the stairs, fixing of the ceiling; and
- gutters and mirrors in the Permanent Secretary's toilet.

There was no evidence to show that the contract had been officially extended and no action had been taken against the contractor.

In his response to your Committee, the Controlling Officer submitted that as per ZPPA guideline, the provincial tender committee had authority to approve a selective tender method. The minutes were available for verification. All the works which were part of the contract had been completed.

## **Committee's findings**

Your Committee observed the following during its visit to the site:

- the whole process of the contract and how the costs were arrived at was questionable;
- the state of the works which were reported as having been done was poor done and there was need to redo almost all the works and the materials used were sub standard;
- the cost could by far not correlate with the amount paid which was highly questionable; and
- the former Controlling Officer made arbitrary decisions as he was the one who had entered into a contract with the contractor and irregularly varied the contract downwards which was highly irregular.

## **Committee's Recommendations**

Your Committee recommends that the matter must be reported to law enforcement agencies to probe further on the cost of works and the questionable contract. Your Committee resolves to await a progress report on the matter.

vi. *Construction of Kalomo Hospital-Phase 1*

The Contractor, Conquest Construction Ltd, was contracted to carry out works from January to September, 2013, (9 Months) at a contract sum of K11,076,035 of which an amount of K1,196,841 was paid. The scope of works includes construction of admin block, maternity ward, out-patients department, X-ray and laboratory.

Although management indicated that the contractor was granted an extension, as of December, 2014, the documents had not been submitted for verification and the following works were still outstanding.

### **Administration Block**

Electrical wiring was in progress remaining with 60%, cladding with Zambezi stone was in progress remaining with 50%, glazing was in progress remaining 20%, plumbing had commenced remaining with 70% and fitting of doors was being done remaining with 70%. Floor tiling had not yet commenced.

### **OPD, Laboratory and Maternity**

Roofing was in progress remaining with 10%, fitting of door frames and window frames in progress remaining with 60%. Glazing, floor tiling, plumbing, fitting of doors and painting had not commenced.

### **External Works**

Landscaping was in progress remaining with 60% and a borehole had been drilled remaining with equipping. Construction of paved pathways, parking area, septic tank, soak ways and storm water drainage had not commenced.

## **Committee's Findings and Recommendations**

Your Committee notes the status of works, but urged Government to ensure that it is up to date with payments to the contractor as your Committee learnt with surprise that over three certificates were not yet honoured at the time of its visit. Your Committee is encouraged to see how much this contractor had put in considering the little amount he had been paid.

- vii. *Construction of Duty Room and Ablution Block at Monze State Prison*  
On 26<sup>th</sup> February, 2013, the Provincial Administration awarded a contract to Tosh Building Contractors for the construction of an ablution block and duty room at Monze State Prison at a contract sum of K666,916. The contract duration was twenty-four weeks commencing on 26<sup>th</sup> March, 2013 and ending on 10<sup>th</sup> September, 2013. The scope of works included construction of the duty room for prison officers and an ablution block for the inmates. As of April, 2014, the contractor had been paid amounts totalling K464,201 representing 70% of the contract amount, leaving a balance of K202,715. A site inspection carried out in November, 2014, revealed that the construction of the duty room and ablution block had not been completed, fourteen months after the expected date of completion. Works such as electrical fittings, panel doors and tissue holders for the duty room and flooring, wall tiles, floor tiles, interior painting, fitting of doors, glazing and electrical fittings for the ablution block had not been done.

During your Committee's sittings, the Controlling Officer informed your Committee as set out below.

- **Security Wire Fence**

The works that were on the original Bill of Quantities were completed. It was true that at the time of audit the construction of works of the security wire fence at Monze state prison were not yet completed. This was caused by delayed authority from the Ministry of Home Affairs Headquarters in respect of the change in the scope of works. However, all the works that were on the original Bill of Quantities were completed and the contractor was working on the additional works due to the change in the scope of work. It was ready for audit verification.

- **Duty Room and Ablution Block**

At the time of audit, the construction of the duty room and the ablution block at Monze State Prison were not yet completed. This was caused by delayed payment on the submitted certificate which was for more than 80 % of works done. However, the contractor was on the site working.

### **Committee's Findings**

Your Committee observed the following:

- other works like the concrete paving around the wire fence were not done despite it being part of the original BOQ;
- the contract amount of K666,000 for the ablution block and the duty room was highly questionable as your Committee observed that there was no material and labor that was unique to cost that much;
- the contractor was not on site during your Committee's visit contrary to the Controlling Officer's submission;
- your Committee expressed concern at the non availability of officers from the Ministry of Home Affairs to help in answering queries on site as information given by the District Prisons Officers was not sufficient;
- the Ministry of Home Affairs (Head Quarters) was not honoring its financial obligation on time despite certificates of completion being sent to them; and
- there was some revision to works originally planned which was unacceptable considering how it contributed to delayed completion.

### **Committee's Recommendations**

Your Committee recommends as follows:

- the Government must ensure that all certified works are paid for promptly to avoid delaying contractors and impact negatively on their performance;
- on the matter on the cost of the contract, the Controlling Officer is urged to ensure that Law Enforcement Agencies move in to probe the matter;
- your Committee strongly cautions the Controlling Officer to ensure that officers are sent to sites whenever a Committee of Parliament is visiting any site under the Ministry's ambit. The Controlling Officer is reminded that Parliamentary work takes precedence and hence failure to avail himself would result in imposition of sanctions as per *National Assembly, Powers and Privileges Act, Cap 12 of The Laws of Zambia*;
- the Government ministries must ensure that they employ all available expertise in planning for works to avoid variations and revision of the scope of works on construction projects; variations must be avoided at all costs; and
- the Controlling officer is urged to ensure that all works are completed expeditiously.

### **viii. Rehabilitation of Harry Mwaanga Nkumbula Stadium**

During the period under review, amounts totalling K25,820 were issued as accounting imprest to an officer on 6<sup>th</sup> March, 2013, to facilitate the rehabilitation of Harry Mwaanga Nkumbula Stadium playing field in Monze. However, a visit to the stadium in Monze, in November, 2014, revealed that the works had not been completed in that works such as application of black soil, connection of four water pipes and planting of Kikuyu grass were still outstanding.

Submitting on this matter before your Committee, the Controlling Officer stated that the connection of water pipes and the application of black soil were not part of the budget. The amount which was meant for the Kikuyu grass was retired since the ground was not ready.

### **Committee's Findings**

- During its interaction with the Provincial Sports Coordinator your Committee was informed that on the original works, funds were still available since there was a variation on the scope of works.
- All the documents relating to payments made on the little amount spent were available for audit verification.
- Although some little work was done on it, the ground needed to be attended to as soon as possible.
- The state in which the ground was did not befit the owner of the name, "Harry Mwaanga Nkumbula."
- Funds were not enough to cater for all the works contained on the Bill of Quantity.

### **Committee's Recommendations**

Your Committee recommends as set out below.

- The documents on the amount spent must be verified by the auditors.
- The Controlling Officer is censured for failure to avail these documents at the time of audit.
- The Controlling Officer is urged to ensure that works are completed expeditiously and also that funds are sent to the project.

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

d) **Meeting with Departmental Heads in both Western and Southern Provinces**

Your Committee held two meetings with the departmental heads in both Southern and Western Provinces and also in attendance were the two respective Provincial Ministers and their Permanent Secretaries. After explaining to the meeting the separation of powers and how Parliament conducts out its oversight function, your Committee highlighted a number of issues before the meeting and some of the key discussion points were as set out below.

- There is a great need for officers at different levels to understand the financial and stores regulations in order to have a knowhow on the administration of funds and stores, respectively.
- The Departmental heads were urged to ensure that they supported the Controlling Officers in strengthening internal controls by making sure that all officers executed their duties under the yardstick, the financial regulations, in order to curb irregularities like; unretired imprest, failure to avail documents, loss of documents, etc.
- The officers were urged to ensure that they executed their duties professionally and also that they stood any external pressures (including political) in their execution of duties regardless of the level at which it was exerted from.
- Your Committee cautioned the officers against a laissez faire attitude as it hindered development agenda.
- Heads of Department were urged to ensure that procurement procedures were understood and strictly followed regardless of how urgent the matter may be.
- Your Committee took advantage of the Ministers' presence and urged Government to re-look at its policy direction on infrastructure development as well as increasing human resource at Provinces and Districts.

e) **Committee's General Observations and Recommendations**

The main issues observed in the projects visited are as follows:

- delayed funding to the projects by the Government;
- lack of supervision or monitoring by the Provincial Buildings Department as this is being done by personnel from Lusaka which was questionable;
- there are no funds (for Monitoring and Evaluation) available for the Provincial Buildings Department to carry out regular inspections of construction sites as funds are utilized by client ministries;
- the Provincial Buildings Department is under staffed, hence not all projects are inspected frequently;
- lack of capacity by Zambian contractors to carry out huge construction works;
- other line ministries have their own parallel structures at both provincial and district levels that are not qualified to do the monitoring/ supervision of works, yet they rely upon Ministry of Transport, Works, Supply and Communications (Buildings Department) to certify the works. This delays payments because the Engineers from the Buildings Department have to go back on site to confirm the works;
- poor enumeration of workers and equipment on most projects; and
- there are too many variations on the projects which are questionable and your Committee was of a view that they should have been incorporated during the initial drawings.

**Committee's Recommendations**

Your Committee, therefore, recommends as set out below.

- The Government must seriously review the process of payment to project contractors vis-à-vis the use of a Single Treasury Account Capital.
- The Government must consider increasing capacity in the Ministry of Transport, Works,

Supply and Communications (Buildings Department) at both provincial and district levels in order to decentralise supervision and certification of works.

- The Government should ensure that all its funded projects have a component of monitoring and evaluation budgeted for.
- The Government must seriously review the selection process of contractors by ensuring that capacity of the selected contractors are not questionable in order to avoid loss of public funds by poor workmanship, abandoned works and failure to complete works within the contract period.
- The Government must expedite the process of implementing the Decentralisation Policy in order to relieve the line ministries involvement in the supervision of works which duties are outside their mandates.
- The Government should seriously consider discouraging variations on contracts as most contractors use it to their advantage when bidding for the contracts.
- The Government must re-look at its policy direction on infrastructure development.
- The Government must consider increasing human resources at Provinces and Districts to enhance good performance at all levels.
- The Government must endeavor to orient all new staff at different levels as well as carry out refresher courses from time to time for old staff to avoid irregularities caused by lack of knowledge.

## **CONCLUSION**

93. 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, 2013. Your Committee further wishes to thank Controlling Officers who appeared before it and the Secretary to the Treasury for their cooperation.

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.

## **List of Officials**

### **National Assembly**

Mr S Kawimbe, Principal Clerk of Committees

Ms M K Sampa, Deputy Principal Clerk of Committees

Mr S Chiwota, Assistant Committee Clerk

Mr A Chilambwe, Assistant Committee Clerk

Ms C Mtonga, Stenographer

Mr R Mumba, Committee Assistant

Mr M Chikome, Parliamentary Messenger