



REPUBLIC OF ZAMBIA

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON

THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE
REPUBLIC FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2022

FOR THE

THIRD SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

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FOREWORD

Honourable Madam Speaker, the Public Accounts 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 31st December, 2022, for the Third Session of the Thirteenth National Assembly. The Public Accounts Committee considered the Report of the Auditor General in accordance with its terms of reference, as espoused under Standing Order 203, of the National Assembly of Zambia Standing Orders, 2024.

The Report of the Auditor General was produced in accordance with Article 250 of the Constitution of Zambia (Amendment) Act, No. 2 of 2016; the Public Audit Act, No. 13 of 1994; and the Public Finance Management Act, No. 1 of 2018. During the audit process, the Office of the Auditor General interacted and communicated with different Controlling Officers whose accounts were cited at various levels.

The interaction enables Controlling Officers to clarify and take corrective measures on the findings of the audit. Therefore, the queries raised in the Report are those that were not resolved during the audit process of the Financial Year Ended 31st December, 2022, as well as outstanding issues raised in the Treasury Minute or Action Taken Report for 2020 from the Ministry of Finance and National Planning.

During the interaction with Controlling Officers, the Committee noted various irregularities, among them, the lack of adherence to laws and regulations; wasteful expenditure; misapplication of funds; theft or loss resulting from negligence or criminal conduct; failure to implement effective revenue collection measures and failure to follow procurement procedures and contractual obligations; and failure to institute disciplinary measures to deter would-be offenders, which are reflected in the Committee's Report. Additionally, the Report contains recommendations, which are aimed at addressing various irregularities cited above.

The Committee held thirty-seven meetings to consider submissions on the Report and also received technical guidance from the Auditor General; Accountant General; and Controller of Internal Audit. The Committee considered both oral and written submissions from ministries; provinces; and spending agencies cited in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2022. The Committee also interacted with the Secretary to the Treasury, who was requested to comment on the Auditor General's recommendations.

The Committee's Report is organised in three Parts. Part I contains the Auditor General's Comments and responses from the Secretary to the Treasury; Part II captures the responses from Controlling Officers on the individual audit queries and the Committee's observations and recommendations; while Part III deals with the Committee's local tour and the conclusion.

The Committee wishes to pay tribute to all stakeholders who appeared before it and made both oral and written submissions. It also wishes to thank the Honourable Madam Speaker, and the Office of the Clerk of the National Assembly for the services rendered throughout its

deliberations. The Committee is of the strongest view that the observations and recommendations contained, here-in will be fully implemented by the Executive in order to ensure prudent management of public resources.

In conclusion, the Committee also expresses its gratitude to the Honourable Madam Speaker, for affording it an opportunity to undertake a tour to the Copperbelt; Central; and Southern Provinces.



Mr Warren Chisha Mwambazi, MP
CHAIRPERSON

July, 2024
LUSAKA

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ACRONYMS

ASYCUDA	Automated System for Customs Data
ABM	Agribusiness and Marketing
AWPB	Annual Work Plan and Budget
BOQ	Bill of Quantity
BCP	Business Continuity Plan
CAATS	Computer Assisted Audit Tools
CBPP	Contagious Bovine Pleuropneumonia
CBVs	Community Based Volunteers
CDF	Constituency Development Fund
CSP	Corporate Strategic Plan
DACO	District Agriculture Coordinating Offices
DARP	Draft Audit Report Paragraph
DHOs	District Health Offices
DLP	Defects Liability Period
DFLCOs	District Fisheries and Livestock Coordinating Offices
DMMU	Disaster Management and Mitigation Unit
DRP	Disaster Recovery Plan
ECE	Early Childhood Education
ECF	East Coast Fever
FRA	Food Reserve Agency
FSP	Food Security Pack
GRN	Goods Received Notes
GSB	Government Service Bus
GTCU	Government Transport Control Unit
INTOSAI	International Organisation of Supreme Audit Institutions
IPCs	Interim Payment Certificates
ISSAIS	International Standards for Supreme Audit Institutions
ITT	Invitation to Treat
MoFNP	Ministry of Finance and National Planning
MoU	Memorandum of Understanding
MPAs	Ministries, Provinces and Agencies
NRFA	National Road Fund Agency
OFID	OPEC Fund for International Development
OAG	Office of the Auditor General
PACO	Provincial Agriculture Coordinating Offices
PFLCOs	Provincial Fisheries and Livestock Coordinating Offices
PFM	Public Finance Management
PHOs	Provincial Health Offices
PIPs	Project Implementing Partners
PSPF	Public Service Pension Fund

PTT	Property Transfer Tax
PQPs	Plant Quarantine and Phytosanitary Service
SLAs	Service Level Agreements
TAP	Tax Amnesty Program
TCCs	Tax Clearance Certificates
TPIN	Taxpayer Identification Number
VAT	Value Added Tax
WVAT	Withholding VAT
ZAMMSA	Zambia Medicines and Medical Supplies
ZCCM	Zambia Consolidated Copper Mines
ZILAS	Zambia Integrated Land Administration System
ZILMIS	Zambia Integrated Land Management Information System
ZRA	Zambia Revenue Authority
ZSIC	Zambia State Insurance Corporation

MEMBERSHIP OF THE COMMITTEE

The Committee consisted of: Mr Warren Chisha Mwambazi, MP (Chairperson); Mrs Jacqueline Sabao, MP; (Vice-Chairperson); Ms Sibongile Mwamba, MP; Mr Likando Mufalali, MP; Mr Golden Mwila, MP; Mr Victor Lumayi, MP; Mr Luckson M Lungu, MP; Mr Nicholas Mukumbi, MP; Mr Jonathan Daka, MP; and Mr Imanga Wamunyima, MP.

PART I

AUDITOR GENERAL'S COMMENTS AND THE RESPONSES FROM THE SECRETARY TO THE TREASURY

a. Introduction

The Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31st December, 2022, had been produced in accordance with Article 250 of the Constitution of Zambia (Amendment) Act, No. 2 of 2016 and was submitted to His Excellency, the President of the Republic of Zambia and the Speaker of the National Assembly for Tabling in the National Assembly, in accordance with the provisions of Article 212 of the Constitution.

Treasury Comment

In response, the Secretary to the Treasury congratulated the Auditor General for fulfilling his mandate according to Article 250 of the Constitution of Zambia (Amendment) Act, No. 2 of 2016. This gave an assurance that Government Institutions were being held accountable for the public funds they were entrusted with.

Committee's Observations and Recommendations The Committee notes the response on the matter.

b. Audit of Public Accounts

According to Article 211 (2) of the Constitution, the Auditor General was required to examine the Financial Report on the Accounts of the Republic and express an Audit Opinion on the Report. Article 212 required the Auditor General to, not later than nine months after the end of the financial year, submit an audit report to the President and the National Assembly, on the Accounts of the Republic audited in respect of the preceding year.

Article 250 (1) (a) to (d) mandates the Auditor General to:

- a. audit the accounts of State Organs; State Institutions; Provincial Administration; Local Authorities; and institutions financed from public funds;
- b. audit the accounts that relate to the stocks; shares; and stores of the Government;
- c. conduct financial and value for money audits, including forensic audits and any other type of audit, in respect of a project that involved the use of public funds;
- d. ascertain that money appropriated by Parliament or raised by the Government and disbursed;

- i. had been applied for the purpose for which it was appropriated or raised;
 - ii. was expended in conformity with the authority that governed it; and
 - iii. was expended economically, efficiently and effectively;
- e. recommend to the Director of Public Prosecutions or a law enforcement agency, any matter within the competence of the Auditor General that may require to be prosecuted.

The Public Finance Management Act, No. 1 of 2018 provided for an institutional and regulatory framework for the management of public funds: the strengthening of accountability, oversight, management and control of public funds in the public financial management framework; responsibilities and fiduciary duties of controlling officers and controlling bodies; enhancement of cash management systems to ensure efficient and effective utilisation of cash for the Government; the processes for the efficient production of the Financial Report for the Republic; the management and control of public assets and stores.

Treasury Comment

In response, the Secretary to the Treasury expressed his gratitude to the Auditor General for meeting the deadline for the submission of the Report to the President and the National Assembly as stipulated under Article 212 of the Constitution. The Treasury would continue to support the Auditor General in fulfilling this mandate.

The Secretary to the Treasury further appreciated the Auditor General for expressing an Audit opinion on the financial report of the Republic according to Article 211 (2) of the Constitution. The opinion guided the nation on the levels of adherence to public finance management laws in budget execution.

The mandate under Article 250 (1) (a) to (d) to audit accounts of State organs; State institutions; Provincial Administration; Local Authorities and institutions financed from public funds was also appreciated, as it provided a clear guidance to the Treasury on what was expected of auditors when they were auditing an institution and would continue to engage Controlling Officers to be aware of the mandate of the Auditor General so that their expectations were met.

Committee's Observations and Recommendations The Committee notes the response on the matter.

c. Scope of Audit

The audit scope covered the accounts and records of Ministries; Provinces; and Agencies (MPAs) and other institutions financed from public funds for the financial year ended 31st December 2022. The reports on the audits of the Constituency Development Fund (CDF) would be issued separately.

Treasury Comment

In response, the Secretary to the Treasury submitted that the scope covered by the audit was appreciated, and the fact that separate reports would be issued for CDF. This was crucial for ensuring clarity and alignment of audit among all stakeholders. The scope further established how deeply an

audit was performed. This helped the Treasury to be aware of the requirements of the Auditor General regarding resources needed for them to carry out the audit effectively.

Committee's Observations and Recommendations The Committee notes the response on the matter.

d. Audit Methodology

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards required to plan an audit; conduct risk assessment; design and conduct audit procedures and report on the audit findings.

Treasury Comment

In response, the Secretary to the Treasury noted and appreciated the various stages of the audit.

Committee's Observations and Recommendations The Committee notes the responses on the matter.

e. Statement of Revenue, Financing and Expenditure for the Financial Year Ended 31st December 2022

According to Article 211 of the Constitution of Zambia (Amendment) Act, No. 2 of 2016, the Minister responsible for finance should, within three months after the end of each financial year, prepare and submit to the Auditor General the financial report of the Republic in respect of the preceding financial year. The Auditor General should, within two months of receipt of the financial report, examine the financial report and express an audit opinion on the report.

The Minister responsible for finance should, within one month after the receipt of the Auditor General's opinion, lay the financial report, with the Auditor General's opinion, before the National Assembly.

The financial statements for the financial year ended 31st December 2022, were prepared in accordance with the provisions of the Public Finance Management Act, No.1 of 2018 in which the Secretary to the Treasury has prescribed the Reporting Framework in the Central Government Accounting Policies (CGAPs) No.2.

The Public Financial Management (PFM) reforms being undertaken by the Government had seen the adoption and implementation of the provisions of Part 1 and some provisions of Part 2 of the International Public Sector Accounting Standards (IPSAS) cash basis of accounting. The Financial Statements included in the Financial Report were:

- i. Statement A – Statement of Cash Receipts and Payments;
- ii. Statement B – Statement of Comparison of Budget and Actual Amounts (Statement of Budget Execution);
- iii. Statement C – Statement of Comparison of Budget and Actual Amounts

(by Programme and Sub – Programme); iv. Statement D –
Statement of Comparison of Budget and Actual Amounts
(Functional Classification);
v. Statement E – Statement of Public Debt; vi.
Statement F – Cash flow Statement; and vii.
Notes to Financial Statements

The outturn reflected in Statement B – Statement of Comparison of Budget and Actual amounts
(Budget Execution) for the year ended 31st December 2022 is as shown below

Table 1: The Outturn Reflected in Statement B – Statement of Comparison of Budget and
Actual Amounts (Budget Execution)

Details	Original Budget Kwacha	Adjustments Kwacha	Final Budget Kwacha	Actual Amounts Kwacha	Variance Kwacha
RECEIPTS					
Income Tax	55,114,432,157	-	55,114,432,157	58,374,971,584	3,260,539,427
Customs and Excise Duty	11,405,950,189	-	11,405,950,189	10,634,569,244	-771,380,945
Value Added Tax	22,903,634,804	-	22,903,634,804	20,612,832,480	-2,290,802,324
Fines	67,050,569	-	67,050,569	77,745,800	10,695,231
Licences	1,631,339,208	-	1,631,339,208	2,404,532,404	773,193,196
Commissions	70,927,864	-	70,927,864	192,709,825	121,781,961
Fees of Court or Office	1,530,631,107	-	1,530,631,107	1,856,946,104	326,314,997
Levies	1,533,351,812	-	1,533,351,812	785,568,145	-747,783,667
Interest	158,878,860	-	158,878,860	109,458,496	-49,420,364

Other Revenues	4,442,961,258	-	4,442,961,258	6,291,535,488	1,848,574,230
Bilateral Grants	283,393,923	-	283,393,923	12,361,740,414	12,078,346,491
Multilateral Grants	1,538,574,201	-	1,538,574,201	14,401,979,986	12,863,405,785
Bilateral external	2,533,152,144	-	2,533,152,144	421,802,785	-2,111,349,359

borrowings					
Multilateral External Borrowing	45,313,858,506	-	45,313,858,506	20,753,098,595	-24,560,759,911
Domestic Borrowing	24,458,940,933	-	24,458,940,933	14,662,319,183	-9,796,621,750
External Assistance	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL RECEIPTS	172,987,077,535		172,987,077,535	163,941,810,533	-9,045,267,002
PAYMENTS					
Personal Emoluments	38,323,070,578	529,742,168	38,852,812,746	38,056,606,521	796,206,225
Use of goods and services	28,647,054,926	19,848,836,954	48,495,892,882	39,987,855,211	8,508,037,671

Finance Charges & payment debt	78,865,454,174	-19,665,210,469	59,200,243,705	32,619,805,206	26,580,438,499
Grants and Other Payments	19,704,757,010	-2,423,905,095	17,280,851,915	15,947,806,692	1,333,045,223
Social benefits	650,742	4,204,735,789	4,205,386,531	4,154,078,146	51,308,385
Non-financial assets acquisition	4,308,031,465	-416,526,182	3,891,505,283	726,900,338	3,164,604,945
Assets under Construction	3,138,058,641	177,891,446	3,315,950,087	2,264,987,927	1,050,962,160
Financial Assets	-	-	-	-	-
Other payments	-	-	-	-	-
TOTAL PAYMENTS	172,987,077,535	2,255,564,611	175,242,643,149	133,758,040,041	41,484,603,108
SURPLUS/ (DEFICIT)				30,183,770,492	

Treasury Comment

In response, the Secretary to the Treasury submitted that the total original budgeted expenditure for the year under review, was K172,987,077,535. There was a supplementary provision of K2,255,564,611, bringing the total final budgeted amount to K175,242,643,149.

The actual revenue collections during the period under review was K163,941,810,533 and the actual expenditure was K133,758,040,041, resulting in a net surplus of K30,183,770,492.

i. Shortfall/Surplus in Revenue and Financing

As reflected in Statement B of the Financial Report for the year, the actual revenue and financing collected amounting to K163,941,810,533 was less than the estimated revenue by K9,045,267,002, as detailed in the table below.

Table 2: Shortfall/Surplus in Revenue

Description	Approved Estimate K	Actual Revenue K	Over/under the Estimate K	Shortfall/ Surplus K
Income Tax	55,114,432,157	58,374,971,584	3,260,539,427	3,260,539,427
Customs and Excise Duty	11,405,950,189	10,634,569,244	(771,380,945)	(771,380,945)
Value Added Tax	22,903,634,804	20,612,832,480	(2,290,802,324)	(2,290,802,324)
Fines	67,050,569	77,745,800	10,695,231	10,695,231
Licenses	1,631,339,208	2,404,532,404	773,193,196	773,193,196
Commissions	70,927,864	192,709,825	121,781,961	121,781,961
Fees of court or Office	1,530,631,107	1,856,946,104	326,314,997	326,314,997
Levies	1,533,351,812	785,568,145	(747,783,667)	(747,783,667)
Interest	158,878,860	109,458,496	(49,420,364)	(49,420,364)
Other Revenues	4,442,961,258	6,291,535,488	1,848,574,230	1,848,574,230
Bilateral Grants	283,393,923	12,361,740,414	12,078,346,491	12,078,346,491
Multilateral Grants	1,538,574,201	14,401,979,986	12,863,405,785	12,863,405,785
Bilateral external borrowings	2,533,152,144	421,802,785	(2,111,349,359)	(2,111,349,359)
Multilateral External Borrowing	45,313,858,506	20,753,098,595	(24,560,759,911)	(24,560,759,911)

Domestic Borrowing	24,458,940,933	14,662,319,183	(9,796,621,750)	(9,796,621,750)
External Assistance	-		-	-
Other Receipts	-		-	-
Total	172,987,077,535	163,941,810,533		
Shortfall				(9,045,267,002)

Treasury Comment

In response, the Secretary to the Treasury submitted that the Treasury noted and appreciated the audit procedures conducted by the Auditor General on the revenue statements included in the Financial Report of the Republic of Zambia for the Financial Year Ended 31st December 2022.

The shortfall in revenue collection amounting to K9,045,267,002, was attributed to under collection in Customs and Excise Duty; VAT; levies; interest and deficits on financing activities.

The adverse performance in Customs and Excise Duty was partly affected by the suspension of Customs Duty on fuel during the year and Value Added Tax (VAT) under performance due to low compliance in payments and zero rating of VAT on fuel.

The Zambia Revenue Authority (ZRA) had implemented the ZRA 2022-2024 Corporate Strategic Plan (CSP), which included initiatives to improve tax compliance levels and curtailing tax evasion. To address some of the challenges in the VAT system, ZRA implemented the Import VAT validation interface between ASYCUDA World and Tax Online II and was working on the interface for export validation to improve transparency.

The underperformance of external debt disbursements could be attributed to slow project implementation and the consequent inability to meet project milestones that activate disbursements. Additionally, the Government's ongoing suspension of debt service on non-multilateral facilities during the restructuring period had led to the halting of disbursements by affected creditors.

To address the challenges, the Treasury would maintain close collaboration with implementing Ministries and creditors, actively addressing any impediments to project implementation. Furthermore, the Treasury remained committed to the expedited conclusion of the debt restructuring exercise.

Committee's Observations and Recommendations The
Committee notes the response on the matter.

f. Audit Opinion on the Accounts

The financial statements for the Government of the Republic of Zambia for the financial year ended 31st December 2022, were audited. They comprised: Statement A - Statement of Cash Receipts and Payments; Statement B - Statement of Comparison of Budget and Actual Amounts (Budget Execution); Statement C - Statement of Comparison of Budget and Actual Amounts (by Programme and Sub Programmes); Statement D – Statement of Comparison of Budget and Actual Amounts (Functional Classification); Statement E – Statement of Public Debt, Statement F – Cashflow Statement; and a summary of significant accounting policies and other explanatory information.

In the opinion of the Auditor General, the accompanying financial statements presented fairly, in all material respects, the Statement A - Statement of Cash Receipts and Payments; Statement B - Statement of Comparison of Budget and Actual Amounts (Budget Execution); Statement C - Statement of Comparison of Budget and Actual Amounts (by Programme and Sub Programmes); Statement D – Statement of Comparison of Budget and Actual Amounts (Functional Classification); Statement E – Statement of Public Debt, Statement F – Cashflow Statement for the year ended 31st December 2022, in accordance with the International Public Sector Accounting Standards (IPSAS) Cash Basis and the Central Government Accounting Policies (CGAPs) No. 2.

Treasury Comment

In response, the Secretary to the Treasury submitted that the Treasury noted the Audit Opinion by the Auditor General expressed on the financial statements of the Republic for the financial year ended 31st December 2022. The Treasury would continue to monitor the presentation of financial reports, ensuring fair presentation of all material facts and ensure that the applicable reporting framework was used at all times.

Committee's Observations and Recommendations The
Committee notes the response on the matter.

i. Basis for Opinion

The Audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). The Auditor General's responsibilities under these standards were further described in the Auditor's Responsibilities for the Audit of the financial statements section of the Auditor General's Report. The Auditor General was independent of the Ministry of Finance and National Planning, in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI), Code of Ethics, together with the ethical requirements that were relevant to the Auditor General's audit of the financial statements in Zambia, and the Auditor General had fulfilled his other ethical responsibilities in accordance with these requirements and the INTOSAI Code. The Auditor General believed that the audit evidence obtained was sufficient and appropriate to provide a basis for his opinion.

Treasury Comment

In response, the Secretary to the Treasury submitted that the Treasury noted the basis of the opinion and appreciated that this was made independent of the Ministry of Finance and National Planning. The Treasury also noted that sufficient evidence was obtained in order to form an opinion. The Treasury would continue to promote the independence of the Auditor General and encourage the corporation of Controlling Officers during audits so that opinions formed on financial statements reflected the true state of affairs in public institutions.

Committee's Observations and Recommendations The Committee notes the response on the matter.

ii. Key Audit Matters

Key Audit Matters were those matters that, in the professional judgment of the Auditor General, were of most significance in his audit of the financial statements of the current period. However, the Auditor General determined that there were no key audit matters to communicate in the Report of the Auditor General.

Treasury Comment

In response, the Secretary to the Treasury submitted that the Treasury noted and appreciated the Auditor General for reviewing the financial statements for key audit matters as this led to higher quality audit. In order to enhance transparency, the Treasury would continue to instruct Controlling Officers to disclose to auditors all key audit matters so that auditors were held accountable for reporting on them.

Committee's Observations and Recommendations The Committee notes the response on the matter.

iii. Responsibilities of Management and those charged with Governance for the Financial Statements

Management was responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standard Cash Basis; the Public Finance Management Act, No. 1 of 2018; and Central Government Accounting Policies (CGAPs) No. 2, and for such internal control as management determined was necessary to enable the preparation of financial statements that were free from material misstatement, whether due to fraud or error. Those charged with governance were responsible for overseeing the financial reporting process.

Treasury Comment

In response, the Secretary to the Treasury submitted that the Treasury noted the responsibility of Management and those charged with Governance for the financial statement through adoption of sound accounting policies and establishing and maintaining strong internal controls. The Treasury would continue to ensure that a strong control environment was maintained in all government institutions through continuous review of internal controls and sensitisation of all stakeholders involved in public expenditure in public finance management legislations.

Committee's Observations and Recommendations The
Committee notes the response on the matter.

iv. Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of the Auditor General were to obtain reasonable assurance about whether or not the financial statements as a whole, were free from material misstatement, whether due to fraud or error, and to issue an auditor's report that included his opinion. Reasonable assurance was a high level of assurance but was not a guarantee that an audit conducted in accordance with ISSAIs would always detect a material misstatement when it existed. Misstatements could arise from fraud or error and were considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISSAIs, the Auditor General exercised professional judgment and maintained professional scepticism throughout the audit. The Auditor General also:

- i. identified and assessed the risks of material misstatement of the financial statements, whether to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that was sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud was higher than for one resulting from error, as fraud may involve collusion; forgery; intentional omissions; misrepresentations; or the override of internal control.
- ii. obtained an understanding of internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- iii. evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether or not the financial statements represented the underlying transactions and events in a manner that achieved fair presentation.

The Auditor General communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that he identified during the audit. The Auditor General also provided those charged with governance with a statement that he had complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the independence of the Auditor General, and where applicable, related safeguards.

In communicating with those charged with governance, the Auditor General also determined those matters that were of most significance in the audit of the financial statements of the current period and were therefore the key audit matters. The Auditor General described these matters in the audit report unless law or regulation precluded public disclosure about the matter or when, in extremely rare circumstances, the Auditor General determined that a matter should not be communicated in the

Auditor General's Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Treasury Comment

In response, the Secretary to the Treasury submitted that the Treasury noted the Auditor General's responsibilities and would like again to thank him for fulfilling his mandate in auditing Government Institutions diligently and with fairness. The Treasury would continue to engage Controlling Officers so that the various opportunities given to them during the audit, that is, to provide evidence so that queries raised were resolved effectively. The Treasury had also continued to provide guidance and training to all the stakeholders in public finance management so that capacity was built which could result in zero audit queries. Further, the Treasury had continued to engage Controlling Officers to ensure that their responsibility of having or establishing a strong control environment was fulfilled.

Committee's Observations and Recommendations The Committee notes the response on the matter.

g. Recommendations

In order to improve Public Financial Management and ensure that the Ministries, Provinces and Agencies (MPAs) were operating within the financial management and accounting framework as set out in the Constitution of Zambia (Amendment) Act, No. 2 of 2016; Public Finance Management Act, No. 1 of 2018; Public Procurement Act, No. 12 of 2008; Appropriations Act, No. 22 of 2018; and any other laws and regulations, it was being recommended as set out below.

- a. Controlling Officers must ensure that revenue collection and expenditure was properly managed. This should be done by:
 - i. adhering to relevant laws, regulations and circulars;
 - ii. establishing and maintaining an effective, efficient and transparent system of financial and risk management as well as adequate and robust internal controls;
 - iii. managing public resources prudently and safeguarding them;
 - iv. taking effective and appropriate steps to collect revenues due to the Government that was under their charge;
 - v. prevention of irregular or wasteful expenditure, misapplication of funds, theft or loss resulting from negligence or criminal conduct;
 - vi. taking immediate, effective, and appropriate disciplinary steps against erring office holders in the ministry or department under their charge; and
 - vii. taking immediate and appropriate action on internal and external audit recommendations.
- b. The general revenue collected by appointed agents on behalf of Government should be promptly remitted to the Consolidated Fund;
- c. Controlling Officers should ensure that there was strict adherence to procurement procedures and all contract provisions;

- d. Controlling Officers must ensure that all the assets under their charge were appropriately secured and insured; and
- e. Controlling Officers must ensure that all taxes and other statutory contributions were deducted and remitted to the respective institutions on time.

Treasury Comment

In response, the Secretary to the Treasury submitted that the Treasury noted Auditor General’s observation and below were the steps being taken to address the matters raised.

Table 3

No.	AUDIT RECOMMENDATION	TREASURY RESPONSE
1	<p>Controlling Officers must ensure that revenue collection and expenditure was properly managed. This should be done by:</p> <p>Adhering to relevant laws, regulations and circulars</p>	<p>The responsibility to collect, receipt, bank and report on tax and non-tax revenue was delegated to Ministries, Provinces and Agencies (MPAs) as provided in the:</p> <ul style="list-style-type: none"> i. Constitution of Zambia (Amended) Act, No. 2 of 2016 ii. Public Finance Management Act, 2018 iii. Public Finance Management (General) Regulations, 2020 iv. Estimates of Revenue and Expenditure v. Treasury and Financial Management circulars issued by the Treasury from time to time. <p>The Treasury had continued to include activities in the annual work plans aimed at ensuring that agents appointed to collect revenue on behalf of government adhere to the above laws, regulations and circulars. The following activities would be carried out to monitor the compliances levels of MPAs to laws, regulations and circulars.</p> <ul style="list-style-type: none"> i. Quarterly monitoring of revenue collecting institutions by the Treasury to ensure that revenue was accounted for in accordance with laws, regulations and circulars; ii. Quarterly Monitoring of Bank reconciliations to ensure that tax and non-tax revenue were accounted for; iii. Training of accounting staff in Public Finance Management Systems were conducted from time to

		<p>time. For the financial year 2022 743 accounting officers had so far been trained.</p>
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	<p>Managing public resources prudently and safeguarding them</p>	<p>The Public Finance Management Act, No. 1 of 2018 and The Public Finance Management (General) Regulations, 2020 has provided guidelines to ensure revenues collected by MPAs were safeguarded to prevent loss and safety of public resources.</p> <p>In addition, the Treasury ensured safety of revenue through centralised procurement of receipt books and safes which were issued to MPAs to safeguard revenue collections.</p> <p>The Treasury undertook revenue monitoring activities on institutions to ensure revenue collected was properly receipted and banked on time.</p>
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<p>Taking effective and appropriate steps to collect revenues due to the Government that was under their charge</p>	<p>The Public Finance Management Act, 2018 and Public Finance Management (General) Regulations, 2020 provided actions on planning for revenue collections. The plans submitted by MPAs were consolidated by the Treasury and approved by Parliament which were published in the Estimates of Revenue and Expenditure as revenue targeted for the financial year.</p> <p>The Treasury had automated revenue collection processes to eliminate handling of cash by cashiers and loss of revenue by introducing direct banking methods of revenue collection including; GSB and counter services and Point of Sales Services provided by commercial banks. The revenue was collected through Revenue Transit Accounts for remittance to BOZ.</p> <p>The GSB and Payment Gateway had been implemented in the following Institutions:</p> <ol style="list-style-type: none"> 1. Ministry of Agriculture 2. Ministry of Commerce, Trade and Industry 3. Ministry of Home Affairs 4. Ministry of Tourism 5. Zambia Police Service 6. Ministry of Transport and Logistics 7. Ministry of Lands and Natural Resources 8. National Immigration Services 9. Ministry of Fisheries and Livestock 10. Ministry of Water Development and Sanitation 11. Ministry of Green Economy and Environment. <p>Further, the Treasury undertook revenue monitoring activities to ensure institutions were collecting revenues to</p>
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		<p>meet targets provided in the Estimates of Revenue and Expenditure. Disciplinary action was provided for in the Public Finance Management Act, 2018 for failure to meet revenue targets by institutions under section 29, (1), (4) Generation of revenue which states: -</p> <p>(29) (1) The Treasury shall set annual revenue targets for each ministry, department and Government agency that shall form part of the revenue for the national budget.</p> <p>(4) The Secretary to the Treasury may in respect of a controlling officer who fails to comply with the contents of this section:</p> <p>(a) impose restrictions on certain categories of expenditure to the public body until such time as the contents of this section are complied with; or (b) revoke the appointment of the controlling office</p>
	<p>Prevention of irregular or wasteful expenditure, misapplication of funds, theft or loss resulting from negligence or criminal conduct</p>	<p>Section 11, (1), (j) of PFMA (General responsibilities of controlling officer) directed all Controlling Officers to prevent irregular or wasteful expenditure, misapplication of funds, theft, or losses resulting from negligence or criminal conduct. This was done through establishment and implementations of strong internal controls.</p> <p>The Treasury had further established Audit Committees in all Ministries who had since been trained with the objective of enhancing monitoring of compliance to rules and regulations in these institutions.</p>
	<p>Taking immediate, effective, and appropriate disciplinary steps against erring office holders in the ministry or department under their charge</p>	<p>The Public Finance Management Act, 2018 has provided appropriate disciplinary steps to be taken by relevant MPAs against erring government officers for abrogating provisions of the Act. The civil service disciplinary code was applied against government office holders for misconduct. So far six officers from various MPAs had been charged for financial misconduct for 2023 financial year by PSMD and the hearings were on-going.</p>

	<p>Taking immediate and appropriate action on internal and external audit recommendations.</p>	<p>The Treasury would ensure that the Internal and External audit recommendations were actioned promptly.</p> <p>The Treasury working with the Office of the Auditor General, National Assembly, Local Government & Rural Development, Ministry of Water Development, Sanitation & Environmental Protection formed a working group to address all the recommendations raised in the 2020 and</p>
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		<p>2021 Treasury Minutes. Further the group had been inviting all Controlling Officers with unresolved audit queries to make their submissions in order to resolve the matters.</p>
<p>2.</p>	<p>The general revenue collected by appointed agents on behalf of Government should be promptly remitted to the Consolidated Fund</p>	<p>The Treasury had provided appropriate provisions to ensure that appointed agents deposited revenue collected on a daily basis into the Revenue Transit Accounts opened with commercial banks. Agents that abrogated the provision were charged penalties on delayed banking of revenues.</p> <p>The Treasury had further facilitated for easier transmission of revenue from the Revenue Transit Accounts with commercial banks to the consolidated fund in accordance with Service Level Agreement (SLAs) signed with commercial banks. Any bank that delayed the remittance of revenue was charged penalties according to the provisions of Section 28 (6) of the Public Finance Management Act, No. 1 of 2018.</p> <p>Further, the automation of revenue collection through GSB had facilitated for prompt remittance of revenue to the Treasury.</p>

3.	Controlling Officers should ensure that there was strict adherence to procurement procedures and all contract provisions;	<p>The Treasury issued an amendment, the Public Procurement (Amendment) Act, 2023 in order to address short comings and ensure an effective, efficient and economic procurement process was adhered to by public bodies.</p> <p>Section 76 of the Act provided for the appointment of Contract Managers for every contract entered into. In view of this, the following contract managers had been appointed: -</p> <p>Ministry of Education had 15; Ministry of Local Government & Rural Development had 7; Ministry of Health had 20; Ministry of Defence had 54; and Ministry of Infrastructure & Urban Development had 1 contract manager who had assigned specific officers to run with more than 200 projects. These officers reported back to him.</p> <p>Further, Treasury had devolved responsibility of clearing contracts to Director of Finance in Provincial Centres to increase the efficiency with which procurement matters were dealt with in Public Bodies.</p>
4.	Controlling Officers must ensure that all the assets under their charge are appropriately secured and insured, and	<p>The Treasury took note of the recommendation and had provided for enough budget allocation in the 2024 budget to ensure that Assets were insured.</p> <p>According to the Public Asset Management Policy Section 5(1) (11), “Asset Management in MPAs”, directs Controlling Officers in ensuring that all Assets acquired were adequately covered by an insurance policy”,</p> <p>Further, the Treasury had included in the 2024 work plan, the revision of the Asset Policy realigning the functions of dissolved Ministries and outline Asset allocation specifying Assets with Mandatory insurance.</p>

5.	Controlling Officers must ensure that all taxes and other statutory contributions were deducted and timely remitted to the respective institutions.	<p>The Treasury through the current payroll management reforms was up to date with all statutory contributions which were deducted at source and remitted timely.</p> <p>The Treasury working with the Zambia Revenue Authority (ZRA) had mandated all Ministries to withhold and remit Value Added Tax (VAT) to ZRA and further trained all MPAs on how to implement this effectively. Any challenges that MPAs faced, ZRA and the Treasury were always available to help. Circulars to remind them of the importance of this task and updating them on new developments were shared in order to keep them abreast with the latest developments.</p>
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PART II-PARAGRAPHS

REVENUE SECTION

CONSIDERATION OF SUBMISSIONS ON THE AUDIT FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

MINISTRY OF FINANCE – ZAMBIA REVENUE AUTHORITY PARAGRAPH 6

a. Budget Against Actual Collections - Failure to meet Revenue Collection Targets In the estimates of revenue and expenditure for the Financial Year Ending 31st December 2022, a provision of K91,035,038,437 was made for revenue collection against which amounts totalling K90,405,786,259 were collected, resulting in under collection of K629,252,178. See table 4 below:

Table 4: Budget Against Actual Revenue Collections

No	Tax Type	Estimates K	Actual Revenue K	Variance K
1	Company Tax	16,393,900,240	21,002,393,526	4,608,493,286
2	Individuals (self -employed)	204,618,018	234,662,844	30,044,826
3	Advance Income Tax	14,214,158	47,330,935	33,116,777
4	Pay As You Earn	17,258,896,671	18,106,035,268	847,138,597
5	Withholding Tax (Rent, Interest and Royalties)	7,014,926,278	6,857,208,933	-157,717,345
6	Withholding Tax (Dividends)	630,954,061	936,343,001	305,388,940
7	Withholding Tax (Lump Sum Payment)	96,252,622	0	-96,252,622

8	Withholding Tax (Contractors)	223,301,850	302,929,662	79,627,812
9	Property Transfer Tax	438,357,825	442,746,911	4,389,086
10	Mineral Royalty Tax	12,839,010,434	10,445,320,504	-2,393,689,930
11	Customs Duty	5,722,737,594	4,953,091,128	-769,646,466
12	Excise Duty - Motor Vehicles	428,849,608	683,581,916	254,732,308
13	Excise Duty - Soft drinks	164,629	783,736	619,107
14	Excise Duty on non alcoholic beverages	21,320,757	22,054,041	733,284
15	Excise Duty -Cigarettes	154,867,681	176,720,579	21,852,898
16	Excise Duty - Carbon	0	0	0
17	Carbon Emmission Surtax Collected by RTSA	414,809,108	95,166,356	-319,642,752
18	Excise Duty -Opaque Beer	31,941,192	37,925,979	5,984,787
19	Excise Duty -Clear beer	1,321,661,790	1,290,898,254	-30,763,536
20	Excise Duty -Hydro Carbon Oils	414,508,711	430,750,376	16,241,665
21	Excise Duty -Spirits	178,076,343	86,273,317	-91,803,026
22	Excise Duty - Wines	131,967,252	71,659,206	-60,308,046
23	Excise Duty - Cosmetics	75,171,639	53,816,122	-21,355,517
24	Excise Duty - Air time	1,256,442,638	1,184,139,531	-72,303,107
25	Export Duty - Timber	29,566,797	46,705,785	17,138,988
26	Export Duty Scrap metal	0	16,718	16,718
27	Export Duty - Maize	15,174,785	0	-15,174,785
28	Rummage Sales	2,555,046	1,508,721	-1,046,325
29	Export Duty - Copper Concentrates	43,212,566	55,935,656	12,723,090
30	Fines, Penalty and Interest	86,977,007	76,142,486	-10,834,521
31	Excise duty - Plastics	29,573,066	24,877,055	-4,696,011
32	Excise duty - Coal	0	33,948,450	33,948,450
33	Excise duty - Gases	4,706,383		-4,706,383
34	Excise Duty on Juices	1,868,453	2,296,523	428,070
35	Warehouse Rent	1,363,622	922,993	-440,629
36	Surtax on Selected Goods	453,583,734	533,972,134	80,388,400
37	Accounting Fees	4,607,371	4,921,955	314,584
38	Excise Duty - Cement & Cement Clinker	87,965,163	60,610,170	-27,354,993
39	Licence Fees	11,057,875	8,257,450	-2,800,425
40	Excise Duty - Electricity	362,208,689	548,009,376	185,800,687
41	Fuel Levy	1,267,263,142	292,978,038	-974,285,104
42	Export Duty - Precious minerals and anodic slimes	45,398,471	0	-45,398,471
43	Licence - Motor vehicle	77,669,476	49,510,159	-28,159,317
44	Motor vehicle Surtax	71,054,497	97,296,569	26,242,072
45	Excise duty - Water	1,118,162	174,697	-943,465
46	Export duty Hides	277,143	260,686	-16,457
47	Tourism Levy	17,670,050	34,976,777	17,306,727
48	Insurancy Premium Levy	48,631,143	235,336,091	186,704,948
49	Skills Development Levy	199,787,477	222,277,239	22,489,762
50	Other Revenue	1,162,417	185,926	-976,491
51	Domestic VAT	8,865,604,402	5,889,654,010	-2,975,950,392
52	Import VAT	14,038,030,402	14,723,178,470	685,148,069

Total	91,035,038,437	90,405,786,259	(629,252,178)
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The Controlling Officer submitted that the variances as indicated by Office of the Auditor General were factual and attributed the negative variances to the following:

i. Customs Duty (No. 11 on the Revenue Table) Deficits - K769.6 million

The negative performance of Customs Duty was mainly attributed to the increase in Customs Duty waived on imports and ex-bonding of fuel in the year under review by 25.8 per cent or K1, 669.1 million compared to 2021. The Customs Duty was waived by various regulations.

In addition, there were further increases in tax concessions on imported inputs for manufacturing as per SI No. 110 of 2020 and on goods imported for development programs, leading to an increase in Customs Duty waived in the year under review by 1,035.9 percent or K308.3 million and 83.1 percent or K109.8 million respectively, compared to 2021.

Further, the significant decreases in importation of tyres for construction and mining machinery and truck dumpers led to reduced Customs Duty collections on the two products in the year under review by 50.6 percent or K137.5 million and 57.5 percent or K105.8 million, respectively, compared to 2021.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that supporting documents are availed to the Office of the Auditor General, for audit verification. The Committee will await a progress report on the matter.

ii. Fuel Levy (No. 41 on the Revenue Table) Deficits - K974.3 million

The negative performance for Fuel Levy was partly attributed to the tax concessions on fuel importations which amounted to revenue foregone of K928.5 million in the year under review.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

iii. Carbon Emission Surtax (No. 17 on the Revenue Table) - K319.6 million deficits

The negative performance was partly attributed to a lower flow of private vehicles and buses in the year under review than anticipated in the revenue target. Generally, the traffic of motor vehicles liable for Carbon Emission Surtax (CES) that were imported into the country or in transit (declared on transit bill of entries) increased by 36.8 percent from 37,622 motor vehicles in 2021 to 51,458 in 2022. The total traffic of small cars, buses and trucks also increased by 27.4 per cent from 468,762 motor vehicles in 2021 to 597,410 motor vehicles in 2022. This increase was nonetheless lower than the anticipated volumes at the time of making the 2022 Budget projections, and hence the underperformance of the tax type.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on matter.

- iv. Domestic VAT (No. 51 on the Revenue Table) - K2,975.95 million deficits The negative outturn for Domestic VAT was driven by:
 - (a) low payment compliance by withholding VAT (WVAT) agents. As at the end of 2022, over K10 billion in WVAT was withheld by the WVAT agents but not remitted to ZRA;
 - (b) increased refund payments in the year at a monthly average of K1,350 million, which was higher than the 2021 monthly average of K850 million; and (c) revenue leakages arising from VAT refund frauds.

In 2023, the Authority implemented the measures set out below to cure the leakages and inefficiencies in the administration of domestic VAT.

- i. Exemption of WVAT agents and Large and Specialised Taxpayers from the WVAT mechanism.
- ii. Prioritised investigation and prosecution of VAT frauds.

Benchmarking, procurement of the Electronic Invoicing System, now termed as the Smart Invoice, which was expected to be fully operational by the first quarter of 2024. The Smart Invoice was software based fiscalisation system for VAT and other related transactional tax types intended to enable real-time transmission of invoice information from the seller to ZRA, capture imports and allow stock management analysis by ZRA, among other capabilities.

Committee's Observations and Recommendations

The Committee finds it unacceptable that withholding VAT agents were not remitting funds withheld on behalf of ZRA, in gross violation of the provisions of the Value Added Tax Act, Chapter 331 of the laws of Zambia. The Committee also bemoans the failure by the Authority to mitigate the revenue leakages in the form of VAT refund frauds. The Committee urges the Controlling Officer to ensure that the over K10 billion in withholding VAT is expeditiously cleared. The Committee also urges the Controlling Office to expedite the process of mitigating the leakages and inefficiencies in the administration of domestic VAT through the measures as stipulated. The Committee will await progress reports on the matters.

- ii) Mineral Royalty Tax

The Controlling Officer attributed the underperformance of Mineral Royalty Tax to the following factors:

- In 2022, the Mining Sector contracted further by about 4.7 percent from a contraction of 4.5 percent in 2021. Copper production declined to 763,287.15 metric tons in 2022 from 800,695.8 metric tons in 2021. The copper production assumption in the budget for 2022 was 847,677.9 metric tons thus recording a deficit of 84,390.9 against actual output. This decline in production, was attributed to operational challenges at some major mines and lower mineral ore grades;
- Decline in the average copper prices on the London Metal Exchange from average \$ 9,314.4408 in 2021 to \$ 8,813.8900 in 2022. The copper price assumption in the Budget for 2022 was \$9,395.1. This was a difference of \$582.1 against the actual average price;
- Non-payment of tax liabilities by some large mining companies amounting to K1, 205.04 million. The companies cited cash flow challenges as the main reason for non-payment.
- The appreciation of the Kwacha against major currencies, for example, against the United States Dollar from annual average of K19.96 in 2021 to K16.91 in 2022.

Committee’s Observations and Recommendations

The Committee expresses displeasure at the failure by the Authority to ensure that all mining companies meet their tax obligations as provided for in the Value Added Tax Act, Chapter 331 of the Laws of Zambia. The Committee urges the Controlling Officer to be proactive and put in place internal control measures to ensure that all mining companies meet their tax obligations and avail supporting documents to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

iii) Cross-cutting Factors

The Controlling Officer submitted that the performance of key macro-economic indicators against their projected outturn, as assumed in the formulation of the 2022 Budget, also affected the Authority’s revenue collections. Table 4 presented a summary of the projection and outturn of selected macro-economic indicators in 2022.

Table 5: Projections and Actual Outturn for Macroeconomic Indicators for the 2022 Budget

No.	Variable	Projection	Actual Outturn	Variance
1	CPI inflation (annual average)	6-8%	11.1%	3.1-5.1%
2	Exchange Rate (change)	-2.1	-3.0	-0.9
5	Real GDP Growth	3.5%	4.7%	1.2%
6	Nominal GDP, K' Millions	460,022.7	504,477.0	44,454.3
7	Copper prices (in U.S. \$ per MT)	9,395.1	8,813.0	-582.1
8	Copper production (Mt)	847,677.9	763,287	-84,390.9

A review of the indicators revealed that the outturn was favorable for real GDP growth and nominal GDP, relative to the 2022 Budget projections. However, the outturn for the inflation rate, exchange rate, copper prices and copper production were all unfavorable. Notably, the constrained copper production adversely impacted the collection of Mineral Royalty and provisional Income Tax. Further, to some extent, the exchange rate and inflation volatility adversely affected collections of consumption taxes; customs duties; and other trade taxes.

Committee’s Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that supporting documents are availed to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

b. Failure to Collect Tax Arrears

Contrary to the provision, an analysis of the domestic tax debt records in 2022 revealed that the debt stock increased from amounts totalling K85,781,300,000 (Principal–K64,074,000,000, Interest – K18,347,900,000 and Penalties K3,359,500,000) in 2021, to K97,860,886,809.20 in 2022 (Principal – K61,670,339,094.04; Interest - K11,408,595,339.21 and Penalties – K24,781,952,375.95), thereby increasing the tax debt by 12.34 per cent. See table 5 below.

Table 6: Tax Arrears

Sector	Amounts K
Private	89,336,026,752.02
Parastatals	6,753,971,496.70
Government Ministry	1,770,888,560.48
Grand Total	97,860,886,809.20

The Controlling Officer submitted that an analysis of the debt stock as at 31st December 2022, showed that 65 per cent of the debt was owed by a combination of Government institutions and the private companies in key strategic sectors such as mining. Four mines accounted for 55 per cent of the total debt which was mainly due to the challenges highlighted below.

- i. Under Arbitration: The arrears contracted by one of the key mining companies for Income Tax, as indicated in the table above, were as a result of a protracted arbitration process from which assessments were dropped but not yet reversed on the Tax Online system during the period under review. The settlement of the disputes under arbitration was being handled by the Government and had since been settled, as at end of August 2023.
- ii. VAT Rule 18 disputes: This debt included VAT Rule 18 and other disputed assessments mainly from the Mining Sector amounting to K27,816.2 million or 28.4 per cent of the total.

- iii. Mines under Government control: About 19.4 per cent of the top ten debtors was owed by two mines under the control of the Government, and these mines were going through financial challenges in their operations during the period under review.
- iv. Withholding VAT (WVAT) Agents: About 56.8 per cent of the top ten debtors was on account of VAT and this was mainly driven by WVAT agents who failed to remit to ZRA for various reasons.

Despite the above outlined factors, Management was actively pursuing measures to mitigate debt escalation and these included the following interventions:

- i. ZRA conducted a Tax Amnesty Programme (TAP) from 1st October 2022 to 30th June 2023 where taxpayers were encouraged to pay their principal taxes and have their penalties and interest written off. Consequently K 4.1 billion was realised in principal tax and K 3.2 billion in penalties and interest was waived;
- ii. ZRA had appointed private businesses in the various sectors to be tax collecting agents on behalf of the Authority by withholding taxes before paying suppliers of goods and services. Since the Government was the major buyer of goods and services, in 2023, ZRA engaged the Government through the Secretary to the Treasury, who issued a circular to all Government institutions and parastatals demanding that all payments to suppliers be cleared by ZRA before payment. This entailed that ZRA would collect at source for those suppliers owing in taxes. By using this innovative collection method, a total of K155 million was paid to ZRA by suppliers to the Government;
- iii. ZRA had been engaging the Ministry of Finance and National Planning (MoFNP), Government institutions; and parastatals with a view of executing debt swaps in order to reduce the escalating debt. In 2022, ZRA, through the MoFNP effected debt swaps amounting to K2.4 billion, while a request for 2023 with a value of K7 billion was submitted to the MoFNP for possible debt swap. A total of K2 billion was received in debt swaps;
- iv. ZRA and MoFNP were working on interfacing the ZRA systems with the Integrated Financial Management Information System (IFMIS) so that operations were streamlined; debt collection enhanced; and tax compliance among suppliers of goods and services to Government were improved. It was envisaged that once this interface was fully operational, the MoFNP would be able to automatically verify and withhold in IFMIS tax liabilities at the point of paying suppliers to the Government;
- v. In quarter 1 of 2023, ZRA restructured and created a Large Specialised Tax Office (LSTO) under the Indirect Taxes Division, which was among others, actively engaging WVAT agents to improve compliance;
- vi. In quarter 1 of 2023, ZRA implemented exemption of withholding VAT on transactions among WVAT agents in order to mitigate the risk of non-remittance of the funds;
- vii. ZRA had also been actively engaging taxpayers bringing those with cash flow challenges on Time to Pay Agreements (TPAs) while garnishing accounts for other non-compliant taxpayers;
- viii. ZRA had further embarked on additional reforms to improve tax compliance. Starting from January 2024, ZRA would only issue Tax Clearance Certificates (TCCs) to compliant taxpayers. The taxpayers owing taxes but were unable to settle immediately will be encouraged to enter into Time to Pay Agreements (TPAs) before issuance of TCCs; and

- ix. ZRA had submitted to the MoFNP the proposed tax policy reforms in the 2024 budget aimed at supporting efficient debt management.

Committee's Observations and Recommendations

The Committee acknowledges the measures being instituted by the Authority to mitigate the escalating un-collected tax arrears. The Committee urges the Controlling Officer to escalate the finalisation of debt management strategies as stipulated. The Committee also urges the Controlling Officer to ensure that all supporting documents on this matter are submitted to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

c. Failure to call bond cover for unaccounted for Removals in Transit (RITs) - K52, 940,199 The Controlling Officer submitted that the Authority had continued its enforcement actions on outstanding transits, which included issuance of demand letters to clearing agents with outstanding transits and suspension of their Taxpayer Identification Number (TPIN) accounts to enforce the acquittal of outstanding transits. The Authority had also commenced the process of redemption of bonds on outstanding transits that had not been accounted for by clearing agents following issuance of demand letters.

The Controlling Officer also submitted that the Authority was in the process of procuring an Electronic Cargo Tracking System, which would enable effective monitoring of movement of transit goods. Management had developed a system of electronic bonds (ebonds) to address the issue of management of bonds in an efficient and effective manner and planned to propose legal reforms for 2024. This system would enhance compliance on the management of bonds.

Table 7: Status of Transits as at 31st October 2023 is as Tabulated below:

Sn	Station	No of Transactions (31 st July 2023)	Amounts K (31 st July 2023)	No of Transactions (31 st October 2023)	Amounts K (31 st October 2023)
1	Nakonde	30	8,315,671	28	8,169,754
2	Kashiba	15	72,450	10	541,637
3	Chirundu	20	2,646,661	19	2,369,784
4	Kazungula	12	3,885,389	11	3,594,327
5	Kasumbalesa	158	33,680,814	129	27,961,004
6	Ndola	3	4,339,213	0	0
	Total	238	52,940,199	197	42,636,507

Committee's Observations and Recommendations

The Committee expresses displeasure that the Authority continues to grapple with poor internal controls thereby failing to account for the Removals in Transit. The Committee, therefore, urges the Controlling Officer to expedite the process of enforcing outstanding transits with measures as stipulated. The Committee also urges the Controlling Officer to ensure that all supporting documents on this matter are submitted to the Office of the Auditor General for audit verification. The Committee awaits a progress report on the matter.

d. Failure to Collect Taxes on Various Imports - K68,909,046

The Controlling Officer submitted that the Authority was conducting debt enforcement activities, which included suspension of TPIN accounts and garnishing bank accounts for defaulting taxpayers. There were movements in debt as indicated in table 8 below.

Table 8

Sn	Station	Audit Query No of Transactions	Amount K	Current No of Transactions	Amount K
1	Nakonde	196	18,136,468.00	85	7,131,717.81
2	Chirundu	21	4,423,573.00	21	4,423,573.00
3	Kazungulaa	116	14,661,212.00	71	13,882,712.56
4	Ndola	993	31,687,793.00	27	1,448,854.25
	Total	1326	68,909,046.00	204	26,886,857.62

Table 9 below further indicates the category of the above tax liabilities.

Table 9

Sn	Category	Amount	Percentage (%)
1	Government Debt	7,131,717.81	27%
2	Pending finalisation of rebates	4,029,747.25	15%
3	Appeals	2,568,961.22	10%
4	Other	8,732,858.34	32%
5	Chirundu entries	4,423,573.00	16%
	Total	26,886,857.62	100%

Committee's Observations and Recommendations

The Committee observes, with concern, that the Authority continues to grapple with the effects of poor internal controls to date and is failing to collect tax as stipulated by the Customs and Excise Act, Chapter 322 of the Laws of Zambia. The Committee implores the Controlling Officer to exacerbate the debt enforcement strategies as stipulated that will ensure compliance by the tax payers and deter the would be defaulters. The Committee awaits a progress report on the matter.

MINISTRY OF FINANCE AND NATIONAL PLANNING

PARAGRAPH 7

a) Budget Against Actual Collections

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a revenue provision of K3,799,471,442 was made, against which amounts totalling K2,901,713,501 were collected, resulting in an under collection of K897,757,941. The under collection of K897,757,941 recorded during the period under review, represented 23.6 per cent of the revenue projections.

The Controlling Officer submitted that the K3, 799,471,442.00 was an annual revenue estimate. He stated that the under collection arose from interest on loans to institutions, companies and from anticipated dividend collections due to:

- i. revenue collections by SOEs being far below what was required to repay the loans which were mostly in foreign currencies;
- ii. unprofitability partly due to the impact of the depreciation of the Kwacha in the previous years;
- iii. unanticipated prolonged project implementation hence delayed financial returns from projects; and
- iv. partly the impact of the kwacha depreciation.

Committee's Observations and Recommendations

The Committee bemoans the failure by State-Owned Enterprises to declare dividends and pay interests on the loans as required. The Committee urges the Controlling Officer to put in place mechanisms that will ensure that all institutions and companies meet their obligations. The Committee also urges the Controlling Officer to avail the supporting documents to the Office of the Auditor General, for audit verification. The Committee awaits a progress report on the matter.

b) Failure to Provide Annual Audited Financial Statements

The Controlling Officer submitted that from the five queried betting companies, two, namely Premier Bet Limited and Game-tech Zambia Limited submitted the audited financial statements as required by the Act, while one company, Africa Gaming Limited had not started operating because of its failure to raise finances as indicated in their letter to the Ministry. However, two companies had not submitted the audited financial statements despite several reminders issued to them.

Further, the Ministry had not and would not renew the licences for companies that had failed to submit the audited financial statements as it was one of the requirements for renewal of the licences.

Table 10

No.	Companies	Status
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1	Supabet Ltd	Not Submitted
2	Premier Bet Ltd	Submitted
3	Gametech Zambia Ltd	Submitted
4	Pleasure Sports Innovation Ltd	Not Submitted
5	Africa gaming	Lottery not yet operational

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by some betting companies to avail the audited financial statements for audit verification. The Committee, therefore, urges the Controlling Officer to put in place strong control measures that will ensure compliance by the betting companies to Section 23 of the Betting Control Act, Chapter 166 of the Laws of Zambia. The Controlling Officer is further urged to avail supporting documents to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter

c) Failure to Provide Justification for Charging a Betting License Fee

The Controlling Officer submitted that they were not under collecting, but this was applying to extra shops that had been opened. (Amount was collected against the law). The extra amount was for extra shops operating with the same license, of which the law did not include extra shops. Therefore, this was an anomaly which they intended to stop.

The Controlling Officer also submitted that all the licences issued were paid for at K 175, 000 for first issuance and K 75, 000 on renewal and the K 5,000 related to the branch shops opened by the parent betting company. However, Management made an administrative arrangement to be charging a K 5, 000 for extension of the bookmarkers licence for each shop opened. The law was not clear about the licensing fee for the branch shops opened by the bookmarker, besides the Headquarters.

However, the Ministry was in the process of reviewing and harmonising the various aspects of the operations of the gambling industry with a view to repealing and replacing the Betting and Control Act. The revision of the legislation would address all issues not clearly covered under the current legislation. The Ministry had noted the lapse and had since stopped charging the K 5, 000 for branch shops opened until the legislation was amended accordingly.

Committee's Observations and Recommendations

The Committee cautions the Government to desist from collecting fees that are not backed by the law urges the Controlling Officer to intensify the process of reviewing and harmonising the operations of the Gambling Industry. The Committee awaits a progress report on the matters.

d) Loss of Revenue - Money Lenders Licenses - K4, 030,000

The Controlling Officer submitted that money lenders obtained certificates from the Judiciary through the Subordinate Courts and started transacting without obtaining a licence that was issued by the Ministry of Finance and National Planning due to challenges that had persisted. This was despite money lenders being advised to deposit the fees in the nearest banking facilities send deposit slips through electronic channels for issuance of receipts.

Further, the Ministry, in conjunction with Smart Zambia, had been implementing the rollout of the Government Service Bus (GSB) in phases. The money lending revenue service was to be considered on the GSB under phase three of the rollout. Once this money lending revenue service was integrated on the GSB, clients in far flung areas would be able to use mobile network operators to make payments. Going forward, the Ministry had agreed to decentralise the collection of the money lenders licences fees to the Judiciary as the Attorney General had cleared the appointment of the Judiciary as an agent of the Ministry.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the unpaid licence fees, amounting to K4,030,000 owed by money lenders, are collected without undue delay. The Controlling Officer is also urged to expedite the process of integrating the money lenders revenue on the GSB. The Committee resolves to await a progress report on the matter.

e) Under Charging for Money Lenders License Fees - K46,000

The Controlling Officer submitted that the Ministry issued Statutory Instrument No. 51 of 2021 which revised the licence fees from K 3,000 to K 10, 000 on 30th December 2021. Money lenders usually made direct deposits and presented the deposit slip later for the issuance of a general receipt. The affected ten money lenders had made direct deposits of K 3, 000 each for licence fees because at the time they were unaware of Statutory Instrument No. 51 of 2021, which revised the licence fees from K 3,000 to K 10,000. The affected Money lenders learnt of the new fees upon submission of deposit slips to collect general receipts.

The Ministry wrote letters to the affected money lenders, informing them of the changes and two of the affected institutions had since paid the balance of K 7, 000 each, while eight of them had outstanding balances for 2022, to be cleared before December 2023.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that the outstanding balances owed by the remaining eight money lenders are expeditiously cleared. The Committee will await a progress report on the matter.

f. Failure to Constitute an Inspections Committee for Valuation of Pool Houses

The Controlling Officer submitted that according to the Civil Service Home Ownership Scheme Handbook, the responsibility to constitute an inspection committee fell under the Ministry of Works and Supply, which was renamed as Ministry of Infrastructure, Housing and Urban Development. The

MoFNP had no mandate or expertise to constitute the Inspections Committee for valuation of pool houses.

The MoFNP had written to the Ministry of Infrastructure, Housing and Urban Development to provide the response to resolve the audit query. The Ministry of Infrastructure, Housing and Urban Development had not responded.

Committee’s Observations and Recommendations

The Committee expresses displeasure at the abrogation, with impunity, of the stipulated guidelines in the Civil Service Home Ownership Scheme Handbook, 1996. The Committee urges the Controlling Officer to impress upon the Ministry of Infrastructure, Housing and Urban Development on the urgent need to constitute an inspection Committee and avail supporting documents to the Office of the Auditor General for audit verification. The Committee awaits a progress report on the matter.

g. Irregularities in the Disposal of Motor Vehicle and General Stores

Table 11

No.	Description	Value K
1	Motor Vehicle Plant and Equipment	204,000
2	Office Equipment	20,090
3	Office Furniture and General Stores	6,170
4	Assorted and Obsolete stationery and other general stock items	-
	Total	230,260

Further, assets valued at K69, 900 were surveyed and marked for transfer to other institutions as table 12 below shows.

Table 12: Reserve Price for Surveyed Items Marked for Transfer to Other Institutions

Description	Value K
Motor Vehicles, Plant and Equipment	65,000
Office Furniture and General Stores	4,900
Total	69,900

However, the following were observed:

- (a) Out of twenty-two auction transactions, amounts totalling K182,516 were receipted. However, a comparison of receipts against deposit slips revealed that only amounts totalling K100,000 were deposited, resulting in unaccounted for revenue in amounts totalling K82,516.

The Controlling Officer submitted that the deposit of K 100, 000 was reported in error to be for the twenty-two auction transactions instead of the sale of the one motor vehicle. The amount of K 82, 516 was deposited on two deposits, amounting to K 33,400 on 24thFebruary 2022 and a second deposit on 22nd February, 2022 amounting to K 55, 210.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that supporting documents are submitted to the Office of the Auditor General for audit verifications. The Committee will await a progress report on the matter.

- (b) A comparison of delivery notes against amounts paid revealed that on receipts numbers 3686132 and 3686137 dated 22nd February 2022, amounts totalling K10,900 were receipted. However, a comparison with delivery notes (numbers 021375 and 021375), revealed that the total items delivered by the successful bidder were valued at K24,100 resulting in unaccounted for revenues in amounts totalling K13,200.

The Controlling Officer submitted that receipt numbers 3686132 and 3686137 were raised in the name of Mr Adam Chanda, who was offered several assorted general stores items captured on delivery note number 021375. However, at the time of payment, the bidder did not pay for everything that was offered to him. The bidder only paid K10,900.00 of the total sum of K24,100.00 as indicated on the delivery note, leaving out items worth of K13,200.

The Ministry would endeavour to refer the bidder to the auctioneer in case the bidder desired to pay for less items than they were offered at the auction. This would ensure reconciliation of the amount offered on delivery notes and the amounts paid for on receipts.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement internal control measures that will ensure that bidders comply and meet their bid obligations. The Committee also urges the Controlling Officer to ensure that supporting documents are availed to the Office of the Auditor General for audit verification. The Committee awaits a progress report on the matter.

- (c) A comparison between the value of items on delivery note number 021363 dated 23rd February 2022 and amounts paid and deposited revealed that the items disposed of were valued at K330,000. However, only amounts totalling K100,000 were deposited in the bank account, resulting in unaccounted for revenue in amounts totalling K230,000.

The Controlling Officer submitted that the delivery note number 021363, was raised in the name of Sable Transport, which was offered three motor vehicles by the auctioneer at a total cost of K330,000. However, at the time of making payment, the company only paid for one motor vehicle at the total cost of K100,000 on receipt number 3686147 dated 23rd February 2022, leaving out two motor vehicles worth K230,000. These two vehicles were re-auctioned and were offered to Henry Banda at K 73,000 on delivery note 010340 and Mwanga Shimuunza at K 77,000 on delivery note number 010346 during the second auction.

The Ministry would endeavour to refer the bidder to the auctioneer in case the bidder desired to pay for less items than they had offered at the auction. This would ensure the reconciliation of the amount offered on delivery notes and the amounts paid for on receipts.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement internal control measures that will ensure that bidders comply and meet their bid obligations. The Committee also urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for audit verifications. The Committee awaits a progress report on the matter.

MINISTRY OF LANDS AND NATURAL RESOURCES

PARAGRAPH: 8

a. Budget and Actual Collections - Under Collection

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total revenue provision of K344,585,114, was made against which a total amount of K187,060,466 was collected, resulting in an under collection of K157,524.

The under collection of K157,524,648 recorded during the year under review, represented 46 per cent of the revenue projections.

The Controlling Officer submitted that all revenue transactions under the Ministry other than ground rent, were client driven and lodged at the instance of clients. The failure, therefore, was attributed to the fact that the Ministry could not compel clients to pay for the services. Further, the Ministry did not have any enforcement tools to compel clients to pay ground rent other than penalty charges on outstanding ground rent at the end of the year.

The Controlling Officer also submitted that the Ministry had continued to undertake several measures with the sole purpose of sensitising property owners on the importance of paying ground rent through road shows, television advertisements, radio programmes and SMS notification of bills.

Further, the Ministry was in the process of amending the Lands Act, Chapter 184 of the Laws of Zambia so that enforcement was enhanced. Notable among the proposed amendments, was the

creation of an inspectorate unit with the sole purpose of coordinating enforcements. The draft had since been submitted to the Ministry of Justice for review.

Committee's Observations and Recommendations

The Committee notes the response, and urges the Controlling Officer to put in place enforcement measures that will compel clients to meet their ground rent obligations. The Committee also urges the Controlling Officer to continue sensitising property owners on the importance of paying ground rent. The Committee further urges the Controlling Officer to expedite the process of amending the Lands Act as stipulated. The Committee will await a progress report on the matter.

b. Uncollected Revenue - Client Outstanding Arrears

Table 13: Outstanding Client Arrears

No.	Description	Billed Amount (K)	Paid Amount (K)	Owing Amount (K)
1	Survey Fees	286,115	45,449	240,666
2	Numbering Fees	2,171,060	199,673	1,971,387
3	Examination Fees	88,395	25,943	62,451
4	Deed of Assignment	135,047	102,946	32,102
5	Consent Fees	67,387	26,118	41,269
6	Consideration Fees	15,550,614	4,833,273	10,717,341
7	Ground Rent	13,751,445	5,594,422	8,157,022
	Total	32,050,064	10,827,825	21,222,238

The Controlling Officer submitted that the Zambia Integrated Lands Information Management System (ZILMIS) was configured in such a way that it recorded amounts on demand notices (Quotations) issued as revenue receivable, even before the service was provided. However, the Committee was informed that other than ground rent, which accrued outstanding arrears, all the other revenue transactions were cash based in that the service could only be provided once payment had been made by the client. Therefore, it was not possible for these services to accrue arrears of revenue receivable.

The Controlling Officer also submitted that the Ministry had since migrated to the new Zambia Integrated Land Administration System (ZILAS), which correctly recorded client arrears only on ground rent. The Ministry had also continued sensitising property owners on the importance of paying statutory fees, especially ground rent through road shows, Television advertisements, radio programmes, and SMS notification of bills. Further, the Ministry was in the process of amending the Lands Act so that enforcement could be enhanced. The draft had since been submitted to Ministry of Justice for review.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to put in place enforcement measures that will compel clients to meet their ground rent obligations. The committee is further urged to ensure that the ground rent arrears are collected without fail and to avail supporting documentation to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

c. Outstanding Paid for Survey Works – Provincial Survey Offices

Table 14: Outstanding paid for Survey Works

S/N	Survey Office	Unsurveyed Properties	Amount paid K
1	Solwezi	14	68,500
2	Ndola	37	148,000
3	Choma	6	30,355
4	Mansa	3	9,500
5	Chinsali	8	46,500
6	Kabwe	6	39,500
	Total	74	342,355

The Controlling Officer submitted that the query arose as a result of delay in executing paid for survey works, caused by encumbrances on the properties, inadequate staff in regional offices and wilful failure by an officer to timely execute the works. The Controlling Officer stated that out of the reported seventy-four unsurveyed properties, five were duplicated on the schedule for Copperbelt Province, leaving the balance at sixty-nine. The Controlling Officer also submitted that out of sixty-nine properties, a total number of forty-one properties had since been surveyed and survey diagrams were available for audit verification. The officer who wilfully failed to execute the works on time was charged.

Further, the Ministry was in the process of recruiting among others, survey staff to fill the vacant positions in the revised staff establishment. This would improve the delivery period of survey services to the clients.

The outstanding survey works on twenty-eight properties would be carried out once the encumbrances tabulated in table 15 below were resolved.

Table 15

S/n	Office	Unsurveyed Properties as of June 2023	Surveyed as at 31 st October 2023	Outstanding Survey Works	Reasons for Outstanding Survey Works/Action Taken
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1	Solwezi	14	6	8	Need for re-planning by the Local Authority. The office requested various Local Authorities in North Western Province to facilitate re-planning.
2	Ndola	32	18	14	The officer has been charged for wilful failure to complete targets on
					time.
3	Choma	6	5	1	Need for re-planning by the Local Authority. The office requested various Local Authorities in Southern Province to facilitate re-planning.
4	Mansa	3	2	1	Encroachment issues still to be resolved.
5	Chinsali	8	4	4	Encroachments and replanning by the Local Authority;
6	Kabwe	6	6	0	
Total		69	41	28	

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and implement strong internal control measures that will ensure that there is strict adherence to the standard guidelines and procedures. The Committee also urges the Controlling Officer to ensure that outstanding survey works are conducted without undue delay and avail supporting documents to the OAG for audit verification. The Committee further urges the Controlling Officer to continue engaging the Secretary to Treasury on the decentralisation of survey services to the districts. The Committee will await a progress report on the matter.

- d. Contract for the National Land Titling Programme with Medici Land Governance Ltd and World Bank - K2, 514,225,000

Table 16: Projected Revenue against Actual Collections

Project	Cost Category	Projections	Actual Collections	Variances
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Year		No. Titles	Revenue	No. Titles	Revenue	No. Titles	Revenue
First & Second	Low	650 000	2 073 000	58 951	92 490 527	591 049	1 980 734 473
	Medium	210 000	225 000	6 388		203 612	
	High	90 000	283 500 000	-	-	90 000	283 500 000
	Commcial	50 000	157 500 000	-	-	50 000	157 500 000
	Totals	1 000 000	2 514 225 000	65 339	92 490 527	934 661	2 421 734 473

As shown in table 16 above, from the projected 90,000 and 50,000 certificates of title for high and commercial cost categories respectively, the service provider failed to issue any certificates of title during the two consecutive years.

Further, the projected ground rent revenue collections of (K66,375,000) K33,187,500 and K33,187,500, from the clients issued with certificates of title for the years 2021 and 2022 respectively, could not be ascertained as Management did not provide the records for the same period for audit purposes.

The Controlling Officer submitted that the failure was attributed to a number of factors as stated below.

1. Several properties on the Copperbelt were sitting on Zambia Consolidated Copper Mines (ZCCM) land. Management was in the process of engaging ZCCM to unlock these properties.
2. Documentation of ownership that was presented by most land holders did not meet the legal requirements, as required by the Commissioner of Lands office. This was because most of the targeted areas were informal areas which did not have any documentation. The Ministry was working closely with councils to help formalise the documentation of settlers and help speed up the approval of property owners for titling.
3. Encumbrances due to legacy titles: a lot of properties were sitting on old titles which required to be cancelled, following the due process of the law.
4. Council titles/occupancy licences: most properties especially in Ndola and Kitwe were already on council titles. While these titles were legitimate, it was desirable to harmonise these into one land register. Councils also continued to issue occupancy licences which hindered the capture of properties and issuance of offer letters.
5. Most of the land in Zambia was customary land and as such, it was only when this was unlocked that the numbers envisaged in the project would be achieved.
6. Regarding failure to issue certificates of title from the projected 90,000 and 50,000 for high and commercial cost categories, respectively, it was submitted that the focus of the programme was in peri-urban areas with the main goal of formalising informal settlements and empowering the low-income communities.

However, the rate of payment by low-income communities had been low for the offer letters issued. Further, most high-cost areas were already under council titles or already titled by the Ministry. However, the Ministry was seeking possible solutions with the councils to include areas that were originally farms and resettlement schemes and other greenfield areas.

The Ministry recognised that the number of estimated parcels (the 4 million titles) was not tenable. Therefore, the Ministry and Medici Land Governance were working on revising the projected number of titles in the contract.

It was further stated that in order to enhance revenue collection, the Ministry had introduced ZANACO Bill Muster into the National Land Titling System in collaboration with Medici Land Governance. Management had also noted the need to sensitise communities on the importance and value of title deeds and the need to complete payment within the agreed period. To this end, the Ministry recently launched the Communication Strategy which sought to address these challenges.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that due diligence is done before the contract is reviewed. The Committee further urges the Controlling Officer to consider revising the applicable fees for obtaining title for the low-income households that might not afford to pay the stipulated amounts. The Committee will await a progress report on the matters.

e. Irregularities on Issuance of Invitations to Treat and Offer Letters

i. Invitation to Treat (ITTs) Issued without Application Letters-321

The Controlling Officer submitted that the query arose as a result of failure to provide documentation timely to auditors regarding application letters for land prior to issuance of ITT. This was attributed to not having files in one place. The Controlling Officer also informed the Committee that the application letters in question, had since been retrieved and were available in form of recommendation letters from respective recommending offices such as the local authorities (Councils) and direct application letters addressed to the Commissioner of Lands by individual applicants. In addition, the Committee heard that councils, as agents of Ministry of Lands and Natural Resources, as per Administrative Circular No 1 of 1985, processed land application forms filled in by applicants, which were processed together with recommendations for successful applicants to the Commissioner of Lands.

Further, the Controlling Officer stated that this scenario would not reoccur, as applications were being done electronically. As such, all documents were scanned and uploaded on to ZILAS.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and implement measures to augment records management at the Ministry. The Committee also urges the Controlling Officer to institute disciplinary action against the officers who failed to avail the documents to the auditors during the time of audit. The Committee further urges the Controlling Officer to avail supporting documents on

the matter to the OAG for audit verification. The Committee will await a progress report on the matter.

ii. Offer Letters Generated on Properties (Land) without Application Letters

The Controlling Officer submitted that the query arose as a result of failure to provide documentation timely to auditors regarding application letters for land prior to issuance of offer letters. This was attributed to not having files in one place, which was regrettable. The Controlling Officer informed the Committee that the application letters in question, had been retrieved and were available in form of recommendation letters from respective recommending offices such as the Local authorities (Councils) and direct application letters addressed to the Commissioner of Lands by individual applicants. In addition, the Controlling Officer stated that Councils as agents of the Ministry of Lands and Natural Resources, as per Administrative Circular No 1, 1985, processed land application forms filled in by applicants which were processed together with recommendation for successful applicants to the Commissioner of lands. In addition, the Controlling Officer stated that this scenario would not reoccur as applications were now being done electronically, with all documents scanned and uploaded on to ZILAS.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary measures against the officers who failed to avail the documents to the auditors during the audit process. The Committee also urges the Controlling Officer to put in place strong internal control measures to deter the recurrence of the query. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

f. Irregularly Issued Certificates of Title 1,193/200

The Controlling Officer submitted that the query arose as a result of failure to provide documentation timely to auditors regarding application for land prior to issuance of Certificates of Title. The Committee was informed that in the past, the system was predominantly manual and relied entirely on physical documents. Further, the movement of files between Headquarters and provincial offices, contributed to the slow pace at which information was retrieved, a scenario that was regretted.

The Controlling Officer also submitted that the application letters in question, had been retrieved and were available in form of recommendation letters from respective recommending offices such as the local authorities (councils) and direct application letters addressed to the Commissioner of Lands by individual applicants. Further, councils as agents of the Ministry of Lands and Natural Resources, as per Administrative Circular No. 1 of 1985, processed land application forms filled in by applicants which are processed together with recommendation for successful applicants to the Commissioner of Lands.

Furthermore, the Committee heard that this scenario would not reoccur as all files were being scanned and uploaded in the new system. In addition, all new applications were done electronically where all documents were scanned and uploaded on to the ZILAS.

With regards to the reported 200 properties that were processed to certificate of title stage without evidence of payment for ITTs, the actual number was 115 as 85 properties were duplicated. It was reported that out of 115 properties, 113 were paid for, while two properties involved secondary transactions (change of title from one person to the other) which did not require ITTs. Statements were generated from the system and were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is taken against the officers who failed to avail the documents to the auditors during the time of audit. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

g. Delays in Issuance of Certificate of Title

The Controlling Officer submitted that the ZILMIS recorded the first day of the month in which the offer letter was issued, as the date for commencement of a lease instead of the date when a lease was signed. This did not consider the period it took for clients to submit the necessary documents, which included survey diagrams, to warrant issuance and signing of a lease. The processing of certificates of title under sporadic titling was purely client driven. Property applications were processed at different times in sporadic titling, as clients made payment and provided documentations at different intervals.

The Controlling Officer also submitted that out of the reported 687 properties that were not issued with certificates of title, 301 titles had since been issued. Further, the introduction of ZILAS would mitigate the errors observed in ZILMIS in that a trail would be clear regarding where the delay in processing certificates of title occurred and necessary disciplinary action would be taken.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement measures to ensure that the certificates of title are processed and issued expeditiously. The Committee resolves to await a progress report on the matter.

h. Properties that Changed Ownership Without Proof of Payment of Property Transfer Tax - (27)

The Controlling Officer submitted that this was attributed to the fact that as a Ministry, it was not a requirement to retain copies of the Tax Clearance Certificate and Tax receipt. However, the copies of the Tax Clearance Certificate and Tax receipt had since been retrieved from clients who were eligible to pay Property Transfer Tax (PTT) and were ready for audit verifications whereas the other transactions which were direct leases, deed of assent and properties that were either on ITT or offer letter did not pay PTT.

Further, the Ministry would make it standard practice to retain copies of Tax Clearance Certificates and tax receipts when registering transfer of property. In addition, the Ministry, through Smart Zambia, was developing an online interface between ZILAS and the ZRA information system. This would enable the Ministry to have real time ZRA information regarding PTT payments.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and put in place measures to enhance internal records management at the Ministry. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee awaits a progress report on the matter.

i. Irregularities in Billing

i. Failure to Generate Demand Notices (Bills) for Property Owners 100,127 - (K4,145,257.8)

The Controlling Officer submitted that the Ministry was aware about this weakness of the ZILMIS system not billing some of the properties. This fact was brought to the attention of the developers of the system several times but the problem was not being cured. It was stated that the weaknesses of the billing module were one of the major reasons why the Ministry, with the help of Smart Zambia pushed for the development of a new system, ZILAS.

The Controlling Officer also informed the Committee that the Ministry, with the help of Smart Zambia, had migrated from ZILMIS to ZILAS, which had mitigated this weakness. The Controlling Officer further stated that because of the above weakness and the need to avoid revenue losses, the Ministry was able to issue the omitted bills in question from ZILAS.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put in place measures that will expedite the process of generating demand notices through the ZILAS system and ensure that the omitted bills are settled without undue delay. The Controlling Officer is further urged to avail supporting documents to the OAG for audit verification. The Committee resolves to wait a progress report on the matter.

ii. Failure to Bill Properties for Ground Rent - K5,645,465

The Controlling Officer submitted that the Ministry was aware of the weakness of the ZILMIS system not billing some of the properties. This was brought to the attention of the developers of the system several times but the problem was not resolved. The Controlling Officer further submitted that the weaknesses of the billing module were one of the major reasons why the Ministry, with the help of Smart Zambia, pushed for the development of a new system, ZILAS.

The Controlling Officer also informed the Committee that the Ministry, with the help of Smart Zambia, had migrated from ZILMIS to a new system, the ZILAS, which mitigated this weakness. Further, because the need to avoid revenue losses, the Ministry was able to issue the omitted bills in question from ZILAS.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put in place measures to ensure that unbilled properties are billed without undue delay and avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

MINISTRY OF MINES AND MINERALS DEVELOPMENT

PARAGRAPH 9

a. Budget Against Actual Collections

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total estimate of revenue in amounts totalling K57,478,214.00, was made against which amounts totalling K44,459,400.51 were collected, resulting in an under collection of K13,018,813.49 as shown in table 17 below.

Table 17 – Budget against Actual Collections

No.	Details	Approved Estimates (K)	Actual Collection (K)	Variance (K)	Under Collection Percentage (K)
1	Mining Licence	52 711 718,00	39 434 422,17	13 277 295,83	25,19
2	Fees and Surface Rental Charges	1 107 869,00	979 559,10	128 309,90	11,58
3	Miscellaneous	3 658 627,00	4 045 419,24	(386 792,24)	(10,57)
	Total	57 478 214,00	44 459 400,51	13 018 813,49	22,65

The under collection of K13,018,813.49 recorded during the period under review, represented 22.65 per cent of the revenue projections. The under collection was attributed to the moratorium imposed by the Government at the Department of Mining Cadastre from February 2022, to November 2022.

The Controlling Officer submitted that the under collection was attributed to the nine months moratorium that was imposed at the Department of Mining Cadastre from February 2022 to November 2022. During the period of the moratorium, no applications of mining and non-mining rights were received by the Ministry.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

b. Failure to Collect Outstanding Area Charges

In Paragraph 16 of the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December 2021, mention was made on the failure by the Ministry to collect outstanding area charges in amounts totalling K32,260,426, from 2,288 mining right holders and that the Ministry had neither suspended nor revoked mining licences for the same right holders who had failed to pay annual area charges as at 30th June 2022.

The Controlling Officer stated that the Ministry had written to the ten (10) erring developers whose licenses expired in 2021 but had not paid area charges in amounts totalling K1,102,560, informing them of the legal action through the Office of the Attorney General, if payments were not made.

In their Report for the Second Session of the Thirteenth National Assembly, the Committee recommended that the Controlling Officer should expedite the process of collecting the funds from the ten erring developers without undue delay. An audit carried out in June 2023 revealed that there was an outstanding amount totalling K29,110,893 owed by 2,336 mining right holders for periods ranging from 10 to 373 days. It was observed, in this regard, that although the amount owed decreased from K32,260,426 in 2021 to K29,110,893 in 2022 representing a decrease of 10 per cent the number of defaulting mining right holders increased from 2,288 in 2021 to 2,336 in 2022 representing an increase of 2 per cent

In response, the Controlling Officer submitted that Management acknowledged the observation by the auditors and regretted the delay in collecting the outstanding area charges. However, the Committee was informed that out of an amount of K 29,110,893 owed by mining right holders:

1. 1048 licences had been defaulted, totalling K10,934,011.75. This entailed that the clients in question had been penalised for non-compliance, in accordance with the Mines and Minerals Development Act, No. 11 of 2015;
2. 487 had since paid the area charges amounting to K9,091,000.57;
3. 323 were pending defaulting amounting to K3,693,456.65; and
4. a list of 102 mining right holders, who were owing the Ministry and whose licences expired or were terminated with a total amount of K 5,392,424.03, was submitted to the Attorney General, Ministry of Justice for debt recovery.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

c. Accounting Irregularities

i. Unaccounted for Revenue

A review of revenue records covering the period from 9th March 2022 to 20th January 2023, maintained at the Ministry Headquarters revealed that out of a total amount of K377,405, involving 331 receipts issued to clients for permits such as import, export and trading, an amount of K189,005 was not accounted for in that 182 deposits could not be confirmed on the bank statements.

The Controlling Officer submitted that Management acknowledged the concern regarding the unaccounted for revenue amounting to K189,005. The Committee was informed that the unaccountedfor revenue, was attributed to the two non-accounting staff who were receiving funds from clients meant to be deposited into the Government Transit Account on their behalf as payment

for the Government services under the Ministry. This happened only with clients who opted to send the money to the two officers in question instead of travelling to the Ministry Headquarters to make payments by themselves.

In this regard, the Ministry instituted investigations into the matter and subsequently commenced disciplinary action against the two officers. To this effect, the Disciplinary Committee sat on 19th June 2023 and requested the Internal Audit to verify the unaccounted-for funds. The Internal Audit verified and established that an amount of K189,005 was unaccounted for.

To ensure that the issue did not recur, the Ministry had increased the regularity of reconciliations of the Transit Account with the MoFNP to monthly. In addition, clients had been advised to be depositing payments directly into the Revenue Transit Account and submit the deposit slip to the Ministry for receipting.

Furthermore, the Ministry had engaged Smart Zambia through the MoFNP to facilitate integration of the Ministry's services onto the GSB; the online payment system and payment gateway in order to reduce human interaction in the payments process.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enhance internal control measures to prevent loss of public funds to avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

ii. Loss of Revenue on Expired Exploration, Mining and Mineral Processing Right Holders

Section 21 (1) of the Mines and Minerals Development (General) Regulation, 2016 states, "An application for renewal of mining right or mineral processing licence shall be:

(a) for an exploration licence, six months before the expiry of the licence; (b) for mining licence, in the case of;

- artisanal mining, three months before the expiry of the licence;
- small scale mining, six months before the expiry of the licence;
- large scale mining, one year before the expiry of the licence; and
- For mining processing licence, one year before the expiry of the licence."

Further, section 76 (1) of the Mines and Minerals Development Act, No. 11 of 2015 states, "A holder of a mining or non-mining right, may apply for the renewal of the mining or non-mining right in the prescribed manner and form upon payment of the prescribed fee."

A review of the Cadastre database revealed that 460 exploration, mining and non-mining right holders had expired licences for years as far back as 2012, without either being removed from the database for re-allocation to other potential investors or licence holders applying for renewal, contrary to the provisions of the Act.

In this regard, there was a potential loss of revenue for non-payment of licence fees in amounts totalling K987,300 as table 18 below shows.

Table 18: Loss of Revenue on Expired Exploration, Mining and Mineral Processing Licences

No.	Licence type	Number of Rights holders	Unit fee (K)	Total Amount (K)
1	Large Scale Exploration	206	3000	618,000
2	Small Scale Exploration	151	900	135,900
4	Small Scale Mining	26	4,500	117,000
5	Artisanal Mining	76	900	68,400
6	Mineral Processing	1	48,000	48,000
	Total	460		987,300

Further verification of licences in July 2023 revealed the following:

- twenty-one right holders, whose licenses had expired were found active and carrying out exploration operations without application and payment of licence renewals,
- thirty-five mining right holders whose licenses had expired were found active and carrying out mining operations without application and payment of licence renewals.

The Controlling Officer submitted that the holders of exploration or mining rights, whose offers expired and had ceased operations had already paid the required fees for the tenure. Areas whose right holders did not apply for renewals were opened up to the members of the public to apply. Subsequently, the new right holders paid the required fees before commencing operations. The Committee was informed that all tenures for the areas were fully paid for, either by the existing or the new right holders.

In addition, the Committee was informed that the current operations on the same areas were being conducted by new mining and exploration right holders, whose rights were valid. In this regard, the Cadastre Trimble Portfolio System regularly updated automatically, the status of the clients in question.

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

iii. **Unlicensed Entities / Individuals Conducting Mining Activities**

The Controlling Officer submitted that Management acknowledged the observation regarding illegal mining activities. The Ministry dispatched a combined team of officers from the Ministry; Auditor General; and Provincial Administration to Eastern Province to conduct a physical inspection of the mining activities by five mining entities. It was established that two mining entities, namely; China Railway Seventh Group and Namrock Mining Limited were sub contracted to operate quarries by the Road Development Agency, who were the licence holders. One entity, namely; Orezone Mining and Exploration Limited, had a valid small-scale exploration licence, which was valid up to 23rd June, 2024. It was further established that China Geo Engineering Corporation was not carrying out any mining activities at the site. As for Mpata Hills, the unlicensed miners were directed to formalise their activities with the Ministry.

Furthermore, the Ministry had deployed officers to conduct similar physical inspections of illegal mining activities in the Northern and Luapula Provinces before the end of 2023.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all matters raised by the auditors are urgently dealt with in compliance to the provisions of Mines and Minerals Development Act, No. 11 of 2015. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report.

iv. **Non-Submission of Production Returns**

The Controlling Officer informed the Committee that submission of production returns only applied to holders of mining licences, whereas entities involved in exploration activities were not required to submit production returns.

The Committee was also informed that seven exploration entities, namely: Elyslum Minerals Limited; Kadaiah Resources Limited; Ecotrade Resources Limited; Banko Mining Company; ZamKirin Mining Limited; Joel Nelson Mining Limited; and Associated Minerals and Mining Limited; had exploration licences and were, therefore, not required to submit production returns as they were not involved in mining activities. However, the remaining two mining entities, namely: Jenipher Ng'andu Mining and Services Limited and Synite Quarries (Z) Limited did not submit the production returns. Consequently, they had been penalised in accordance with the Mines and Minerals Development Act, No. 11 of 2015.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report.

MINISTRY OF AGRICULTURE – NON-TAX REVENUE

PARAGRAPH 10

a. Budget Against Actual Collection

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, an estimate of revenue in amounts totalling K664,942,486, was made, against which amounts totalling K3,484,054,972 were collected, resulting in a positive variance of K2,819,112,486. The Controlling Officer submitted as stated hereunder.

Plant Quarantine and Phytosanitary Services The increase was due to:

- i. the high volume of trade in plants, plant products and other regulated articles that were imported and exported which attracted inspection fees and acquisition of export and import Phytosanitary documents;
- ii. plant Quarantine and Phytosanitary Services (PQPs) opened new stations in other borders such as Mansa, Solwezi and Mongu; and
- iii. less restrictions on export of commodities such as maize grain; maize bran; soya beans; and soya cake.

Import and Export

The actual revenue exceeded the projected revenue due to the absence of export and import restrictions during the period 1st January to 31st December 2022. This was unlike previous years when there used to be export restrictions on exports of sensitive agricultural goods such as maize grain, mealie meal, maize bran, soya beans and soya cake. This resulted in the Department generating more revenue than initially projected.

Inspection Fees

The decrease was due to the decline in cotton seed crop registration. The estimation was based on the assumption that there would be an increase in hectareage for all crops, including cotton based on the previous trends.

Proceed from Fertilizer Sales

The estimated Farmer Input Support Programme (FISP) revenue was based on 1,024,434 registered farmers, expected to contribute K400.00 each, giving a total of K409,773,600.00 during the 2021/2022 farming season. However, the financial year runs from January to December, while the farming season runs from May to April the following year.

Proceeds from Sale of Crops

The estimated revenue of K326,295,627.00 for the proceeds from the sale of crops was based on the annual crop rotation principle (sale of old stock and replace with new stock). However, during the

financial year under review, the Food Reserve Agency (FRA) was authorised to sale over and above what was projected in order to raise funds to finance the 2021 outstanding farmer payments and finance the FRA 2022 operational budget.

The Committee urges the Controlling Officer to ensure that the Ministry of Agriculture makes realistic estimates on actual revenue to be collected going forward. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification within two months subject to which the matter should be closed.

Operational Matters

i. Plant and Quarantine

□ Failure to Collect Laboratory Fees

Table 19: Failure to Collect Laboratory Test Fees

Test	No. of Tests	Fee Unit	Loss K
Fungi	618	833.33	154,499
Total	618	833.33	154,499

The Controlling Officer submitted that in accordance with the mandate, (Plant Pests and Diseases Act, Chapter 233 of the Laws of Zambia) the samples in question, were drawn by Plant Health Inspectors as part of their routine inspections for verification purposes. The fees in question were only applicable when the client specifically requested for diagnostic services to be conducted on their samples.

The diagnostic laboratory provided two types of services to clients. Routine diagnostic services and diagnostics services, requested for by clients.

(i) Routine Diagnostic Services

Routine Diagnostic Services applied to samples that were collected during inspections to verify the import phytosanitary requirements for Zambia as well as the export phytosanitary requirements for trading partners. The Department did not charge clients diagnostic fees, because the tests conducted were merely to verify absence of pests for compliance checks. In the period under review, the only samples that were analysed were collected during routine inspections and therefore, no fees were charged.

(ii) Requests to Offer Diagnostic Services

Request to offer Diagnostic Services applied to exporters, farmers and other stakeholders that may request for diagnostic services on their samples for commercial purposes. For that purpose, the

Committee's Observations and Recommendations

Department applied the Statutory Instrument (SI) No. 69 Plant Pests and Diseases (Plant Quarantine and Phytosanitary Service Fees) Regulations of 2020, which provided for fees payable in respect of laboratory tests. However, in the period under review, no such requests were made.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents within two months to the OAG for audit verification and resolves to await a progress report on the matter.

- Failure to Collect Fumigation Fees

Table 20: Failure to Collect Fumigation Fees

No.	Date	District Name	Quantity (mt)	Revenue Loss K
1	24.02.22	Solwezi FRA	3,470.35	1,650
2	3.05.22	Mufumbwe FRA	5,879.75	1,650
3	4.05.22	Kabompo FRA	8,979.40	1,650
4	5.05.22	Zambezi FRA	5,566.10	1,650
5	28.05.22	Kasempa FRA	10,236.65	1,650
6	11.11.22	Chingola FRA	2,652.30	1,650
7	12.10.22	Mkushi FRA	4,459.00	1,650
8	28.10.22	Chisamba FRA	13,418.00	1,650
9	26.12.22	Mkushi FRA	4,301.65	1,650
10	5.12.22	Nchelenge FRA	7,235.00	1,650
11	15.12.22	Kaputa FRA	6,843.75	1,650
12	17.12.22	Samfya FRA	1,989.15	1,650
13	19.12.22	Mansa FRA	7,236.15	1,650

Committee’s Observations and Recommendations

	Total		82,267.25	21,450
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The Controlling Officer submitted that FRA had been paying fumigation fees for the Plant Quarantine and Phytosanitary Service (PQPS) whenever the stock was fumigated and inspected. In the financial year 2021, the inspection fee was K195 and was then revised to K1,650. FRA communicated that the increase could not be accommodated in the 2021 fumigation budget.

The FRA submitted that it was an agency responsible for holding the national strategic grain reserves, and as such, sought a consideration for a waiver of fumigation inspection fees from the Office of the Secretary to the Treasury, which was not granted. Therefore, FRA was engaged to settle the outstanding amount and had since made all the payments and the receipts were available for verification.

The Committee urges the Controlling to avail all supporting documents within two months, to the OAG for audit verification, subject to which the matter should be closed.

□ Failure to Issue Plant Quarantine and Phytosanitary Service Permits

The Controlling Officer submitted that the ASYCUDA World was a customs system that ZRA used for border clearances of goods being imported, exported or those moving in transit. It was managed and controlled by the ZRA.

The PQPS, had no control over what happened on ASYCUDA World, neither did it have any intervention rights on the system. For issuance of permits, the Zambia Electronic Single Window system was used and PQPS ended at issuance of the relevant documentation. The auditors used the ASYCUDA World to retrieve the information.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to immediately report the matter to the relevant investigative wings to help establish what exactly transpired in this matter. The Committee further urges the Controlling Officer to institute disciplinary action against the officers that failed to avail verification PQPS permits relating to the fifty-eight clients who imported agricultural goods. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

ii. Import and Export Permits

□ Failure to Issue Agribusiness and Marketing (ABM) Permits

The Controlling Officer submitted that the failure by ABM to collect revenue from the fifty-eight importers and sixty-one exporters of various goods, was mainly because the clients did not complete the application process and did not, therefore, obtain the applicable permits.

Committee’s Observations and Recommendations

The Committee was informed that the record of Import and Export obtained on the Zambia Electronic Single Window, was captured upon a client applying for the service and the actual permits were only obtainable upon the client making payment and acquittal of the payment by the Department of Finance. The permits were produced together with the receipts. Therefore, all applications for import and export permits that were not paid for were not issued out by the System. This meant that the actual record of import and export permits issued by ABM could only be obtained after payment for the permits and subsequent acquittal by the Department of Finance.

The Committee was informed that the Ministry had not been issuing import and export permits for “Coniferous Treated with paint, stains, creosote or other preservatives” (HS Code 44031100) since 2018. This followed the issuance of the Forests Act, 2015, which gave the power to issue Import and Export Permits for forest products to the Forestry Department under the Ministry of Lands, Natural Resources and Environment.

This explained the failure by ABM to issue Import Permits to Lomagundi Poles Zambia Limited; Mfuwe Trails Zambia Limited; and Lusaka Telecom Solutions Limited and the subsequent noncollection of twelve thousand, eight hundred and sixty-six Kwacha seventy-eight Ngwee (K12,866.78).

The Committee urges the Controlling Officer to avail all supporting documents within two months to the OAG for audit verification and resolves to await a progress report on the matter.

□ Failure to Monitor Imports and Exports

The Controlling Officer submitted that the Ministry of Agriculture held a meeting with ZRA on 28th December 2023, where it was established that there was a possible reuse of permits to import and/or export agricultural products during the period under review. This was why the Asycuda World System recorded excess imports and exports, as compared to the Zambia Electronic Single Window System.

It was also established that Asycuda World in its current state had no electronic feature to check against reuse of Zambia Electronic Single Window System permits attached to customs entries presented in the system. The process of viewing and checking such customs entries was done manually, further confirming the possibility of permits being reused.

To prevent this from recurring in future, ZRA must activate the electronic permit attachment feature in the Asycuda World System. This feature would link the Asycuda World System to the Zambia Electronic Single Window, and would ensure the following;

- 1 link the Asycuda World System to the Zambia Electronic Single Window System;
- 2 prevent and ensure that no Imports, Transit and/or Export entries are done in the Asycuda World System without a Permit from the Zambia Electronic Single Window;

Committee's Observations and Recommendations

- 3 check repeated use of import and/or export permits to clear imports and/or export in the Asycuda World; and.
- 4 the Ministry, working with ZRA will be reconciling trade data from both the Zambia Electronic Single Window System and Asycuda World on a quarterly basis.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately ensure that the Asycuda World System is linked to the Zambia Electronic Single Window System within two months, which will ensure that no Imports, Transit and/or Export entries are done in the Asycuda World System without a permit from the Zambia Electronic Single Window. Further, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for verification, and resolves to await a progress report on the matter.

EXPENDITURE SECTION

MINISTRY OF HOME AFFAIRS AND INTERNAL SECURITY

PARAGRAPH 11

a) Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total budget provision of K434,653,480, was made to cater for operations of the Ministry, out of

which amounts totalling K385,121,226, were released, resulting in an under funding of K49,532,254. As at 31st December 2022, amounts totalling K355,810,955 had been spent, leaving a balance of K29,310,272.

The Controlling Officer submitted that the unspent funds, amounting to K29, 310, 272, were mostly for the procurement of equipment for the INRIS Project. However, the late release of funds in (November and December 2022) by the Treasury, left the Ministry with insufficient time to conclude procurement processes before the close of the financial year. Consequently, at the close of the financial year, Treasury mopped the funds back to Control 99.

He further stated that in order to avoid similar occurrences in future, the Ministry would seek Treasury authority for the retention of the funds for procurements whose processes may overlap into the following financial year. In this regard, all departments in the Ministry were advised to submit details to ensure retention of the funds from the Treasury before the close of a financial year.

Committee's Observations and Recommendations

The Committee implores the Controlling Officer to be proactive in the coordination and timely utilisation of funds once released by the Treasury. The Committee, further urges the Secretary to the Treasury to ensure that funds are released on time so as to ensure the timely completion of the planned activities, as provided for in the budget. The Committee resolves to await a progress report on the matter.

b) Procurement and Contract Management

i. Overpayment of Funds – Contract for the Provision of Transportation, Customs Clearing and Insurance in Transit Services - K155,319

The Controlling Officer submitted that the overpayment was caused by the transporter ferring of forty-six containers, as opposed to the forty-seven containers stated in the contract. The Controlling Officer stated that the contract was based on the correspondence of 2nd November, 2022, which stated and recommended that forty-seven container carriers and twenty-seven flat-bed trailers destined for inland transportation. Further, the Controlling Officer indicated that the contract for transportation was entered into on the 15th December 2022 before the Bill of Lading, dated 23rd November, 2022 was delivered to the Ministry. The Bill of Lading was received later in January, 2023 after the transporter had mobilised to execute the contract.

The Controlling Officer further submitted that it was regrettable that there was a delay in demanding for a refund from the transporter. He attributed the delay to the negotiations that were still underway in relation to the extra scope of works the transporter performed, which were not in the signed contract. Nevertheless, the Ministry had engaged the transporter on the refund totalling K155, 319.00. The transporter acknowledged the demand to refund in a letter dated 2nd November, 2023, in which bank details where requested to facilitate the transfer of funds.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enhance internal control measures within the Ministry to prevent the recurrence of the query. The Committee also urges the Controlling Officer ensure that the funds that were over paid to the contractor are refunded without undue delay and avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

- ii. Contract for the Supply and Delivery of Ten Toyota Land Cruiser Hardtop Model 76 for the Department of National Registration, Passport and Citizenship - US\$608,900.00 (K9, 912,892.00)

The Controlling Officer stated that there was a delay in the execution of the contract related to the supply and delivery of the five remaining vehicles on account that the supplier for Sarago General Dealers Limited based in South Africa, experienced delays in shipment of vehicles which arose from a huge supply backlog caused by increased demand of the product. Consequently, Sarago General Dealers could not meet its contractual obligation within the stipulated delivery time.

The Controlling Officer further submitted that the Ministry had continued to engage the vendor on the matter, and stated that the five vehicles arrived in the country and were awaiting to be officially handed over to the Ministry. He further assured the Committee that the vehicles were indeed at the Ministry, and that the Controller of Government Transport had inspected the vehicles and issued an Inspection Certificate demonstrating the vehicles met the specifications as requested by the Ministry.

Committee's Observation and Recommendation

The Committee urges the Controlling Officer to avail supporting documents to the office of the Auditor General on the waiver that was granted by ZPPA for the payments to be made in full before delivery of the motor vehicles. The Committee also urges the Controlling Officer to avail supporting documents to the OAG on the delivery of the five remaining vehicles. The Committee resolves to await a progress report on the matter.

- iii. Contract for the Supply and Delivery of Building Materials for the Construction of Additional Medium Cost Houses in Liteta Central Province – Undelivered Materials - K1, 163,612

The Controlling Officer submitted that it was regrettable that the supplier failed to execute the contract and attributed this failure to the lack of adherence to the agreed terms of the contract by the vender. In addition, the Controlling Officer stated that the contract was covered with Performance Bond and Advance Payment Guarantee to the extent of the advance payment paid. Therefore, upon the realisation that the supplier was unresponsive, despite engagements both written and verbal, the Ministry invoked the General Contract Conditions (GCC) and terminated the contract on 30th August 2023. Further, Discovery Insurance Company, the provider of the Bond Cover was notified accordingly.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to put in place measures that will ensure that procurement processes are adhered to without exception. The Committee also urges the Controlling Officer to ensure that the Bond Cover is encashed without undue delay and avail

supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

c. Payment of Salaries to a Deceased Officer - K508,458

The Controlling Officer submitted that the omission was attributed to inadequate coordination in the handling of staff related matters between the Department and the Ministry Headquarters, which culminated into the delayed termination of the officer from the payroll. He further submitted that the Ministry had subsequently taken the following actions:

- i. terminated the officer from the payroll with effect from June 2023. Further, the bank details for the officer were voided on the payroll for the period January, 2018 to May, 2023. Consequently, a total sum of K292, 953.97 was never credited to his bank account and was therefore, returned to Treasury;
- ii. a debit note on the officers pension benefits that had remained unpaid to date by Public Service Pensions Fund (PSPF), was raised to facilitate the recovery from the officer's pension benefits of his indebtedness to the Government for the period 2012 to December, 2017 amounting to K215, 504.03. In addition, the Administrator in the estate of the deceased officer was informed about the pending debt; and
- iii. the officers involved in mishandling the matter, were disciplined according to the Disciplinary Code and Procedures for Handling Offences in the Public Service.

Committee's Observation and Recommendations

The Committee urges the Controlling Officer to ensure that recoveries are made without undue delay and avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

d. Unauthorised Payments - Copperbelt Province - K170,080

The Controlling Officer submitted that there were Internal Control System failures occasioned by the officers' failure to follow procedure in seeking authorisation for payments from the correct Head of Unit. The Controlling Officer further stated that the officers involved were facing disciplinary action in accordance with the Disciplinary Code and Procedures for Handling Offences.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enhance internal control measures and avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter

MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION

PARAGRAPH 12

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K2,153,655,467, was made to cater for various activities against which amounts

totalling K1,573,608,016 were released, resulting in an under funding of K580,047,451. See table 21 below.

Table 21: Budget, Funding and Expenditure

Details	Total Authorised (K)	Funding (K)	Variance (K)
Management and Support Services	369,658,326	369,658,324	(2)
International Relations and Cooperation	1,770,990,035	1,191,190,342	(579,799,693)
Protocol and Consular Affairs	2,894,102	2,894,102	(0)
Foreign Policy	6,840,973	6,840,973	(1)
Central Technical Services	3,272,031	3,024,276	(247,755)
Total	2,153,655,467	1,573,608,016	(580,047,451)

As at 31st December 2022 amounts totalling K 1,456,097,301 had been spent, leaving a balance of K117,510,715.

The Controlling Officer submitted that the underfunding amounting to K579,799,693, was due to recalled diplomats in the year 2022. She stated that the funding requests for missions were based on filled positions, hence the variance on the Foreign Service Allowances.

The Controlling Officer also submitted that the underfunding of K247,755 as indicated on the fund centre Central Technical Services related to personal emoluments under Zambia Mine Action Centre ZMAC). The Director ZMAC was appointed as Ambassador into Foreign Service therefore, creating a vacancy, resulting into a variance of K247,755 under personnel emoluments. The Ministry had consistently abided by the set rules and regulations regarding budgetary management.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that funds are released on time so that all planned activities are implemented as provided for in the budget. The Controlling Officer is further implored to be proactive and ensure that funds are spent timely once appropriated and to avail all supporting documents to the OAG for audit Verification. The Committee resolves to await a progress report on a matter.

b. Procurement of Goods and Services/Expenditure -Failure to Recover Funds - Payment of Transportation Costs.

The Controlling Officer submitted that the Mission in Ethiopia contracted Dispatched International Logistics (Ethiopia) to transport personal effects for recalled diplomats to Lusaka the designated destination at an agreed contract sum of US\$25,970.00.

However, Dispatched International Logistics (Ethiopia) failed to deliver the goods to Lusaka but only abandoned the goods at the Mozambique Port in Beira. The goods remained at the port for a period of over 200 days and the Mozambican Port Authority off loaded from the containers and there was a possibility that goods would be auctioned. In order to avert loss of goods and additional costs in storage charges, the Ministry engaged Sithole Despachos Service Limited from Beira, Mozambique in liaison with the Mission in Maputo to facilitate the clearance and transportation of goods from Beira to Lusaka at the cost of US\$15,030.

The Ministry had since written to the Company to demand payment of USD\$10,388.00 representing 40 per cent of the contract sum which was made in the second session of the arbitration held on 18th August 2023.

Further, the Ministry had since revised modalities on transportation of recalled diplomats from Foreign Service by paying them lump sum amounts and made them to be responsible for transportation of their personal effects.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the contractor refunds the money they were paid for delivery of goods to Lusaka without undue delay, since there was breach of the contract. The Controlling Officer should also avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

OFFICE OF THE VICE PRESIDENT - DISASTER MANAGEMENT MITIGATION UNIT (DMMU)

PARAGRAPH 13

(a) Budget, Income and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a provision of K172,916,663, was made to cater for operations of the Unit against which amounts totalling K153, 565,349, were released, resulting in an underfunding of K19,351,314. In addition, amounts totalling K504,715, 617, were received through the third-party accounts bringing the total available funds to K658,280,966.

As of 31st December 2022, amounts totalling K654, 519,798, had been spent, leaving a balance of K3, 761,168 unspent.

The Controlling Officer submitted that in the year 2022, the Unit received K658,280,966, and amounts totalling K654,519,798 had been spent, leaving a balance of K3,761,168 as at 31stDecember, 2022. Further, programs and activities such as early warning and preparedness, dismantling of arrears could not be undertaken at the end of year because of late release of funds by the Treasury in the fourth quarter of 2022 and the lengthy procurement processes.

The Controlling Officer also submitted that, Management applied for retention of funds amounting to K3, 761,168 from the Treasury and the supplementary warrant approval was granted by Parliament to spend the funds in the current financial year. In addition, some programmes and activities that could not be undertaken at the end of 2022, such as early warning and preparedness and dismantling of arrears would be undertaken as funds amounting to K3, 761,168 had been profiled and released by the Treasury.

Committee's Observations and Recommendations

The Committee wonders how the Unit can have unspent funds whilst grappling with debt arrears. The Committee urges the Secretary to the Treasury to ensure that funds are released on time so that all planned activities are implemented as provided for in the budget. The Controlling Officer is also implored to be proactive in ensuring that funds are spent timely. The Committee recommends the matter for closure.

b. Weaknesses in Relief Supplies Distribution

Failure to Avail Memorandums of Understanding for Transporters

The Controlling Officer submitted that during 2021/2022 seasons, DMMU did not sign any MoUs with Project Implementing Partners (PIPs), as PIPs were reluctant to be engaged owing to the fact that DMMU owed them money for transportation costs. In addition, in the absence of PIPs, DMMU engaged some private transporters and trucks from DMMU and the Defense Forces were used to transport relief mealie meal to various parts of the country during the 2021/2022 seasons.

The Controlling Officer also informed the Committee that DMMU sent funds to provinces in 2022 to facilitate for clearance of PIPs arrears and the Unit entered into some MoUs with PIPs for the period 2022/2023.

Committee's Observations and Recommendations

The Committee observes, with concern, the engagement of transporters to transport relief food without signing MoUs as it is an abrogation of the Public Finance Management Act, No.1 of 2018. The Committee urges the Controlling Officer to institute disciplinary measures against the officers that abrogated the provisions of the Act. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

ii. Delayed Payment of Supply and Distributions of Relief Supplies-K464,833,095.87 The Controlling Officer submitted that DMMU had been engaging the Treasury to help in the dismantling of outstanding bills for millers, FRA and other suppliers of goods and services(legacy arrears). To this effect, the Treasury had given guidance on the clearance of domestic arrears as per Circular No.13 of 2023. The Controlling Officer also submitted that the dismantling of arrears was an ongoing process and DMMU had been making payments to suppliers owed, based on allocations from the Treasury. In addition, lack of documentation such as contracts and other necessary procurement documents for transporters had contributed to the delay in paying these arrears.

The Controlling Officer also submitted that other than receiving insufficient funds from the Treasury to help in dismantling arrears, most millers and transporters lacked proper documentation such as contracts and other necessary procurement documents for payments to be made. The Secretary to the Treasury gave guidance on the issue of arrears with lack of documentations and the office had since engaged the Office of the Auditor General to undertake a special audit of arrears for DMMU.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute punitive measures against the officers that abrogated the provisions of the Operations Manual. The Committee also urges the Controlling Officer to be proactive and expedite the process of dismantling arrears in compliance with section 7 (10.2.3.2) of the Disaster Management Operations Manual. The National Coordinator is also urged to submit supporting documentation to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

c) Provincial Operations

Unaccounted for Mealie Meal - Lusaka Provincial Office The Controlling Officer submitted as set out below.

- i The distribution of mealie meal in Chongwe District was done based on the findings of the In-Depth Vulnerability and Needs Assessment Reports (IVNAR) for 2021 and 2022. The IVNAR was a product of the Zambia Vulnerability Assessment Committee (ZVAC). These assessments were carried out annually and were informed by shock occurrence within the country.
- ii Efforts were being made to trace beneficiary acquittals for the 3000*10Kg mealie meal received by the Chongwe District Office by contacting former officers at the District.
- iii It was regrettable that acquittal sheets for the 4,480*12.5Kg that were availed for audit scrutiny lacked vital details such as village or location where they are found, while some acquittals showed that beneficiaries received more bags of mealie meal than others.

The Controlling Officer also informed the Committee that going forward, DMMU would ensure that important details, such as village or location and phone contacts were included on the acquittals in order to strengthen the controls in the distribution of relief food.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute punitive measures against the erring officers who abrogated the provisions of the Disaster Management Operations Manual. The Committee further urges the National Coordinator to ensure that the acquittals for 3000*10Kg mealie meal received by the Chongwe District Officer, are traced without undue delay and avail supporting documents to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

Copperbelt Province

- Unaccounted for 75X25 kg bags of Meal Meal-Chingola

The Controlling Officer submitted that the 75 x 25kg bags of mealie meal were donated to an orphanage and the church (St. Stephen Catholic Church) to assist the elderly people in the community

Committee's Observations and Recommendations

facing hunger situation and acknowledgement of receipt of mealie meal from the two organisations was available. The Controlling Officer also submitted that the Regional Coordinator had been requested to ensure that the remaining acknowledgement /acquittal sheet for the remaining 50X25kg bags of mealie meal were availed to the auditors.

The Committee urges the Controlling Officer to institute punitive measures against the officers who failed to avail the requested documents to the auditors. The Committee also urges the Controlling Officer to ensure that the remaining acquittal sheets for the 50X25kg bags are availed to the OAG for audit verification without undue delay. The Committee further urges the Controlling Officer to put in place measures that will ensure adherence to the standard guidelines and procedures. The Committee will await a progress report on the matters.

- Unaccounted for Maize, 3,507*50kgs-Kitwe

The Controlling Officer submitted that the millers were requested to provide this information in order to confirm whether or not the 3,507*50kgs of stocks of maize costing K631, 260, was processed. Only one miller had responded to their request and they were awaiting feedback from Nkana Milling in order to conclusively ascertain whether or not 3,507x 50kgs of maize stock were processed. The Controlling Officer further submitted that the two millers were requested to provide stock position balances of processed mealie meal not yet drawn by DMMU.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the process of ascertaining whether or not the unaccounted-for maize, was actually processed by the millers and avail supporting documents to the OAG. The Committee also urges the Controlling Officer to implement effective records management measures to deter the recurrence of such queries. The Committee resolves to await a progress report on the matter.

d) Procurement Matters

i) Failure to Provide Beneficiary Assessment Records and Delivery Details for 1,016 Roofing Sheets

The Controlling Officer submitted that DMMU prepositioned the 2,500 roofing sheets to the three provinces, namely; Southern; Eastern; and Copperbelt. The disposal details for the remaining 1,016-roofing sheets, which had not yet been distributed at the time of audit, were available for verification. Further, the 400 roofing sheets were received and distributed by the Copperbelt DMMU office. The Controlling Officer further submitted that all distribution details for the remaining roofing sheets had since been collected and were available for verification.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that the audit process is taken seriously by the officers at the Unit. The Controlling Officer is also urged to ensure that all supporting documents on this matter are submitted to the OAG for audit verification. The Committee will await a progress report on the matter.

Committee's Observations and Recommendations

ii Failure to Avail Documentation for Audit (500m drainage) Lumumba Road - K12, 350,770.08

The Controlling Officer submitted that the contract in question had inadequate supporting documentation. For this reason, DMMU sought a legal opinion from the Attorney General regarding this contract. The correspondence and guidance from the Attorney General regarding this

contract were available. The Controlling Officer further submitted that the responsible officer in charge of procurement at the time had since been charged for failure to follow procurement procedures.

Committee's Observations and Recommendations

The Committee observes that the procurement officers at the Unit failed to ensure that all the required documents were available as per provision of the Public Procurement Act, No.8 of 2020. The Committee, urges the Controlling Officer to avail the documents to the OAG for audit verification. The Committee will await a progress report on the matter.

iii Construction of Simon Mwewa Lane Market in Lusaka - K64, 557,098

The Controlling Officer submitted that works on the construction and completion of Simon Mwewa Small Market had stalled due to lack of funding from MoFNP and would commence once funds from the Treasury were released. Further, the works for the construction of the indoor power station were completed, and the storm water drainage was also near completion.

Committee's Observations and Recommendations

The Committee expresses displeasure at the delayed completion of the construction of Simon Mwewa Lane Market and the storm water drainage. The Committee urges the Controlling Officer to engage the Secretary to the Treasury on the matter and ensure that the construction works are completed without any further delay. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for Audit Verification. The Committee will await a progress report on the matter.

e. Lack of Motor Vehicle Ownership Details (21)

The Controlling Officer submitted that six motor vehicle registration certificates had been retrieved and efforts were being made to trace the certificates for the remaining fifteen motor vehicles. The Controlling officer further informed the Committee that DMMU had engaged the Ministry of Transport and Logistics in an effort to retrieve the missing red/white books.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that the missing red/white books are traced without further delay and avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

PARAGRAPH 14

□ Budget, Income and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31stDecember, 2022, a provision of K5,920,013,145 was made to cater for the Constituency Development Fund (CDF) and

various activities, out of which amounts totalling K5,854,698,174, were released resulting in an underfunding of K65,314,971.

As at 31st December 2022, amounts totalling K5,541,850,572 had been spent.

The Controlling Officer Submitted that an amount of K312,847,601.72 that was unspent, was carried forward to 2023. K298,249,818 under the CDF programme was reserved for the procurement of CDF vehicles and K11,056,500 was for skip trucks. These amounts had since been approved under the supplementary provision. The balance of K3,541,283.72 went back to the Treasury.

The Controlling Officer also submitted that funds would be fully spent and follow ups on the funds committed in the IFMIS system, would be made in order to ensure that they were cleared to avoid a similar occurrence at the end of the year when there was closure of accounts.

Committee's Observation and Recommendations

The Committee bemoans the failure by the Ministry to utilise the funds within the financial year and urges the Secretary to the Treasury to ensure that funds are released on time so that all planned activities are implemented as budgeted for. The Controlling Officer is also urged to be proactive and ensure that funds, once received are spent on time.

- a. Operational Matters
- i. Infrastructure Development
- Markets, Bus Stations and Fire Stations

Table 22

No.	Contractor	Project Name	Contract Sum ZMK	Certified Amounts K	Total Paid K	Start and Revised End Date	Observations
1.	Henina Engineering and Construction Limited	<p>Contract for the completion of the construction of a modern bus stop in Mpika.</p> <p>Contract No. MLG/DHID/MMBS/07/2020</p>	16,800,000.00	1,998,505.03	1,998,505.03	<p>19/11/20</p> <p>-</p> <p>19/05/22</p>	<p>The contract expired in May 2022 and works had stalled. As of June 2023, there was no evidence that the contract had been extended.</p> <p>According to the Design Review Report by the Consulting Engineer dated September 2022, there were architectural concerns and deteriorated block work that needed to be addressed. Further, electrical drawings were not availed.</p> <p>A physical inspection of the bus stop carried out in June 2023 revealed that all the buildings were at roof level and the contractor was not on site.</p> <p>The overall stage of completion stood at 40 per cent.</p> <p>Response:</p> <p><input type="checkbox"/> In his response, the Controlling Officer submitted that the contractor was not on site because</p>

							the contract expired. Request for extension of time was
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							<p>made to Attorney General who advised that the contract be retendered by direct bidding the same contractor. The direct bidding process commenced in accordance with the reviewed design scope. However, the bid price which was submitted by the Contractor was higher than the available budget for 2023. The tender was cancelled due to inadequate funds to complete the project pursuant to ZPPA regulations. The Ministry had planned to phase the completion of the project starting from 2024 Annual work plan.</p> <p><input type="checkbox"/> The Ministry took note of the gaps in the original designs and that is the reason why a Consultant was engaged to review the designs and supervise the works. The Consultant brought out the concerns and provided the updated designs which included the electrical drawings.</p>
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The Controlling Officer further submitted that the Ministry had started procuring projects/contracts according to the approved Annual Work Plan and the available funds.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to desist from entering into contracts without ensuring the availability of funds. The Committee also urges the Controlling Officer to ensure that the project is reviewed and due diligence is done before the work resumes. The Controlling Officer is further urged to continue engaging the Secretary to the Treasury on the funding to complete the project and avail all supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

□ Feeder Road Periodic Maintenance Projects - K12,730,238,118 The observations listed hereunder, were made.

o Outstanding Final Accounts

The Controlling Officer submitted that the production of final accounts of 197 contracts that were terminated was a back and forth issue. It was a process that involved four parties, namely the contractors; local authorities; Ministry of Local Government and Rural Development; and National Road Fund Agency. It was work in progress and some of the contractors had disagreed on certain measurements and discussions were underway to resolve the differences among and between the parties. However, the Ministry had so far produced and cleared 130 contracts with their final accounts which had since been submitted to NRFA. The Controlling Officer submitted that the Ministry would be procuring projects/contracts according to the approved Annual Work Plan and available funds.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the final accounts of the 197 contracts are expeditiously cleared and avail all supporting documents to the OAG for audit verification. The Committee will await a progress report on the outcomes of the litigations instigated against the Ministry with regard to the cancelled contracts.

o Over payment of Certified Works on Twenty- Seven Contracts-K109,728,941

The Controlling Officer submitted that there was no overpayment on the observed twenty-seven contracts. The information that was provided to the auditors at the time of audit needed to be reconciled with figures from National Road Fund Agency (NRFA). The certified works had not yet been updated by the Ministry, as other documents were being awaited, thereby showing as if there were overpayments. The Ministry had since updated the certified works through the issuance of payment certificates. The Controlling Officer also submitted that the Ministry was working on improving operations efficiency and sharing of information between the Ministry and NRFA to avoid such occurrences.

Committee's Observations and Recommendations

The Committee bemoans the lack of proactiveness being exhibited by the Officers at the Ministry and the National Road Fund Agency, who failed to ensure that up to date records were availed to

the auditors during the audit process. The Committee urges the Controlling Officer to put in place internal control measures to enhance the operations of the Ministry and avail all supporting documents on the matter to the OAG. The Committee will await a progress report on the matter.

b. Undelivered Skip Bins-K199,800

The Controlling Officer submitted that as at 23rd October, 2023 the skip bins had not been delivered. The Ministry had since written to the insurance company to recall and claim K99,800.00 from Ketafazia General Dealers for not supplying the last two skip bins.

The Ministry had also written to the insurance company to recall and claim K100,000.00 from Epikazo Investment Ltd for not supplying the last 2 skip bins. The Controlling Office also submitted that Management would endeavor to compel all suppliers to provide Performance Bonds so that funds could be recalled when the supplier breached the contract terms.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the funds for the undelivered skip bins are recovered without undue delay and avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

c. Delayed Repair of Fire Tender Trucks

Table 23– Delayed Repair of Fire Tender Trucks

No.	Registration No.	Council	Current Location	Date of accident	Observation
1	GRZ851CN	Chililabombwe	Marce Zambia Garage	14.11.2017	Repair Order issued
2	GRZ713CN	Solwezi	Marce Zambia Garage	30.06.2018	Repair Order issued
3	GRZ707CN	Lusaka	Lusaka City Council Garage	02.05.2020	No Repair order
4	GRZ844CN	Siavonga	Siavonga Town Council	07.11.2020	No Repair order
5	GRZ848CN	Choma	Choma Municipal Council	08.12.2021	No Repair order
6	GRZ710CN	Lusaka	Marce Zambia Garage	06.02.2020	No Repair order
7	GRZ712CN	Mkushi	Mkushi District Council	07.09.2022	No Repair order
8	GRZ715CN	Chingola	Chingola Municipal Council	-	Police report not availed

The Controlling Officer submitted that eight fire tenders, stationed at seven local authorities around the country were involved in road traffic accidents between 2017 and 2022, and were extensively damaged.

The Controlling Officer also submitted that at the time of the accidents, the fire tenders were comprehensively insured with Zambia State Insurance Corporation (ZSIC) General Insurance. In this regard, the Ministry contacted ZSIC who issued two Repair Authorisation Orders in December 2022 for two trucks belonging to Chililabombwe and Solwezi Councils.

As noted above, ZSIC wrote to the Ministry indicating that they, ZSIC would bear the cost for the repairing the two fire tender trucks which could only be done in South Africa after which any additional repairs resulting from wear and tear would be borne by the Ministry.

Further, the Controlling Officer stated the following.

i Chililabombwe and Solwezi Fire Tender Trucks

Management, in a minute No. MLGRD/104/119 dated 16th February, 2023, requested authority from the Secretary to Cabinet to have the Fire Tender Trucks repaired in South Africa, as per correspondence from ZSIC and still awaited guidance.

ii Chililabombwe, Solwezi and Lusaka Fire Tender Trucks

Further on 10th August, 2023, the Anti-Corruption Commission issued a search and seizure warrant, pursuant to section 55 as read with section 58 of the Anti-Corruption Act, No. 3 of 2012 on the said fire tender trucks.

iii As for the remaining four trucks, the Ministry had engaged with ZSIC on the repair of the fire tender trucks. In a meeting held on 1st June, 2023 with the Managing Director, it was resolved that the Permanent Secretary, Ministry of Local Government and Rural Development would discuss with the investigative wings for them to separate issues involved in the procurement of the fire tender trucks from issues related to accidents and repair in order to expedite the repair of the fire tender trucks.

The Anti-Corruption Commission had since separated those trucks under investigations from those involved in road accidents as per search and seizure warrant pursuant to section 55 as read with section 58 of the Anti-Corruption Act, No. 3 of 2012.

In a minute dated 25th July, 2023, the Ministry engaged Hazida Motors limited, (the franchise dealer) for the Scania to repair all the fire tender trucks involved in the road accidents.

Management further informed the Committee that Hazida Motors Limited had confirmed that they were able to repair all the fire tender trucks. This included the cabin as well as the super structures (water tanks and related parts). Furthermore, the Insurance Company had since identified the companies that would be repairing the Fire Tenders in Zambia and out of Zambia only for complicated repair works.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure the expeditious repair of the stated fire tenders and avail all supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

MINISTRY OF HOME AFFAIRS AND INTERNAL SECURITY – ZAMBIA CORRECTIONAL SERVICE

PARAGRAPH 15

a. Budget Provision, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total budget provision of K628,925,129, was made to cater for personal emoluments and general operations of the Zambia Correctional Services and the whole amount was released.

As of 31st December 2022, amounts totalling K622,303,038 had been spent.

The Controlling Officer submitted that the unspent balance of K6,632,091, arose as a result of resources that were meant to clear balances for procurement of mattresses and steel materials not procured at the close of the financial year. In addition, the situation was further compounded by a circular by the Secretary to the Treasury stating that no requests for retention of funds would be entertained. He further indicated that the suppliers of mattresses and steel materials were later paid using the 2023 budget line.

Committee's Observations and Recommendations

The Committee notes the response, and urges the Controlling Officer to be proactive and ensure that funds are spent as approved as soon as they are received by the Ministry. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

b. Irregular Payment of Housing Allowance - K2,299, 187

The Controlling Officer submitted that 128 officers cited in the report were considered correctly paid as per Correctional Services Guidelines on payment of Housing Allowance. Therefore, this category of officers in the reports was treated as entitled to receiving housing allowances. While forty-two officers were wrongly paid housing allowances on account that there was delay in terminating the allowance for the officer on the payroll.

The Controlling Officer further submitted that corrective action was done as set out below.

- i Nine of the cited officers were married couples and according to Correctional Service Guidelines on the payment of housing allowance, only one of the two was allowed to draw housing allowance while the other was not. Therefore, the nine officers were correctly paid the allowance.
- ii Two officers lived in shared accommodation and according to the Correctional Service Conditions; officers accommodated as such were entitled to payment of housing allowance.
- iii There were 117 officers living in dilapidated housing units that according to the Ministry of Infrastructure and Housing were not fit for human habitation. The housing units were considered as write-offs and non-existing by a government department. To this effect, officers who lived in the dilapidated houses were correctly paid housing allowance.
- iv One officer, who was retired from the service with effect from 16th June, 2023, was migrated to the separates' payroll with effect from 7th July, 2023. Therefore, a total of K8,435.61 had since been recommended for recovery from the officer's terminal benefits.
- v One officer was deceased and the housing allowance had since been terminated with effect from 1st September, 2023. Amounts totalling K 3,510.72 had been earmarked for recovery from the officer's terminal benefits.
- vi Forty officers were wrongly paid housing allowances. Therefore, this category of officers had their allowances terminated with effect from 1st September, 2023 and the wrongly over-paid allowances were being recovered from these officers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officers to ensure that officers living in the written-off houses move to houses that are safe for habitation. The Committee also urges the Controlling Officer to ensure that housing allowances that were irregularly drawn are recovered from the officers without undue delay and avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

c. Failure to Deliver Steel Materials - Power IT Limited - K5,245,530

The Controlling Officer submitted that an initial amount of 25 per cent was paid unlike the reported 22 per cent. The other 3 per cent was withholding VAT that was remitted to ZRA. The contractor initially made a formal request to the Ministry of Home Affairs and Internal Security for an extension of the delivery period, which request was granted. However, the contractor still failed to meet the contractual obligations.

The Controlling Officer also submitted that the Ministry of Home Affairs and Internal Security had since terminated the contract. He further stated that the contractor was paid K1,311,382 for the steel materials delivered. Therefore, there was no loss of public funds.

Committee's Observations and Recommendations

The Committee is deeply concerned about the laissez-faire attitude exhibited by the procurement officers and urges the Controlling Officer to ensure that the Performance Bonds are encashed without undue delay. The Committee also urges the Controlling Officer to institute punitive measures against the erring officers and avail supporting documents to the OAG for verification. The Committee resolves to await a progress report on the matter.

d. Dilapidated Prison Infrastructure

i) Mongu Correctional Facility

The barbed wires fencing the facility were rotten and left gaps between the footings of the barbed wire of the perimeter fence and the ground had no razor wire around it. There was no wire mesh on the ceiling board and windows of all the prison cells. The door frames and the doors to the cells were made of wood instead of metal. The windows were made of metal bars but the spaces between the bars were wide and not protected by mesh wire.

The Controlling Officer submitted that the lack of rehabilitation at the correctional facilities were as a result of budgetary constraints. He further stated that an increase of K608,348 was made in the budgetary provision of the 2024 National Budget under infrastructure code 4161005. Therefore, the Zambia Correctional Service would channel these funds towards the rehabilitation of correctional facilities across the country.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the rehabilitation of the dilapidated infrastructure at Mongu Correctional Facility.

ii) Kaoma Correctional Service

The wire fence had not been changed since 1946. The male cell had partial wire gauze on the ceiling.

The Controlling Officer submitted that the lack of rehabilitation at the correctional facilities was as a result of budgetary constraints. He further stated that an increase of K608,348 was made in the budgetary provision of the 2024 National Budget under infrastructure code 4161005. Therefore, the Zambia Correctional Service would channel these funds towards the rehabilitation of correctional facilities across the country.

Committee's Observations and Recommendations

The Committee will await a progress report on the rehabilitation of the dilapidated infrastructure at Kaoma Correctional Facility.

iii) Mansa Correctional Facility

- The houses had no windows.
- The doors were broken.
- The water and sewer lines were completely out of use.
- The recreation center was dilapidated and out of use.

The Controlling Officer submitted that the lack of rehabilitation at the correctional facility was as a result of budgetary constraints. He further stated that an increase of K608,348. was made in the budgetary provision of the 2024 National Budget under infrastructure code 4161005. Therefore, the

Zambia Correctional Service, would channel these funds towards rehabilitation of correctional facilities across the country

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive in engaging the Secretary to the Treasury on the timely release of funds earmarked for the rehabilitation of the infrastructure at the correctional facility. The Committee resolves to await a progress report on the matter.

Deplorable Staff Houses – Namwala Correctional Facility

Controlling Officer submitted that the lack of rehabilitation at correctional facilities were as a result of budgetary constraints. He further stated that an increase of K608,348.00 was made in the budgetary provision of the 2024 national budget under infrastructure code 4161005. Therefore, the Zambia Correctional Service would channel these funds towards rehabilitation of correctional facilities across the country.

Committee's Observations and Recommendations

The Committee implores the Secretary to the Treasury to ensure that funds earmarked for the rehabilitation of the infrastructure at the correctional facility are released on time. The Committee will await a progress report on the rehabilitation of the dilapidated infrastructure at Namwala Correctional Facility

v. Kamfinsa Correctional Facility

The Controlling Officer submitted that the lack of rehabilitation at the correctional facility was as a result of budgetary constraints. He further stated that an increase of K608,348.00 was made in the budgetary provision of the 2024 national budget under infrastructure code 4161005. Therefore, the Zambia Correctional Service would channel these funds towards rehabilitation of correctional facilities across the country.

Committee's Observations and Recommendations

The Committee will await a progress report on the rehabilitation of the dilapidated infrastructure at Kamfinsa correctional facilities.

e. Management of Liabilities

i) Failure to Settle Outstanding Staff Obligations-K14,882,313

The Controlling Officer submitted that the resource envelope from the MoFNP had not been adequate enough to clear all outstanding staff obligations. Further, an appeal was made to the Treasury and that a budgetary provision of K12,600,000 had been allocated in the 2024 National budget and this amount would further liquidate the outstanding bill.

Committee's Observations and Recommendations

The Committee implores the Controlling Officer to be proactive in ensuring that personal emoluments are cleared once the Ministry is funded. The Committee also urges the Secretary to the Treasury to ensure that funds are released on time so that outstanding staff obligations are cleared as and when they occur. The Committee resolves to await a progress report on the matter.

MINISTRY OF FINANCE AND NATIONAL PLANNING – GOVERNMENT SERVICE BUS (GSB) AND UNIFIED PAYMENT GATEWAY

PARAGRAPH 16

(a) Contract for Designing, Developing and Implementing of Government Service Bus
On June 11, 2019, the Ministry of Finance, in consultation with the SMART Zambia Institute, contracted Dot Gov Solutions, LLC (USA), to design, develop and implement a National Interoperability Platform (Government Service Bus) and the online payment gateway (Government Payment Gateway).

The total contract sum at the end of three years was \$16,410,047.80, which was categorised in three phases, as shown in table 24 below.

Table 24: GSB Phase

Total Payments	USD (\$)	Schedule
Phase I	2,412,663.36	1a & b
Phase II	7,990,628.80	
Phase III	6,006,755.64	
Total	16,410,047.80	

As of June 2023, amounts totalling K351,402,032.94 had been paid, which encompassed the full amounts towards Phase I and Phase II and part payment towards Phase III.

The following were observed:

i Implementation of Phase I

According to the contract requirements, the scope of works for Phase I included building the three modules, namely: Government Service Bus Suite; Data Exchanges; and Government Payment Gateway.

A review of the deliverables under Phase I revealed the following.

□ Operating as a Certification Authority without a Licence

The Controlling Officer submitted that the Ministry was using ZamSign to ensure security and authentication on the e-Government Infrastructure. He stated that despite the Electronic Communications and Transactions (ECT) Act, No. 4 of 2021, which provided for the establishment of a Certification Authority, as stipulated, there had been no Statutory Instrument to operationalise

this provision. The Act would come into operation on the date appointed by the Minister by Statutory Instrument. In the ZICTA Licensing Guidelines (issued in March 2022 and published on its website on September 11th, 2023, there was no mention of Public Key Infrastructure (PKI) and licensing terms for certification authorities and time stamping authorities.

For successful digital transformation across the Government, MoFNP, had set up measures to secure utilisation of the system, while awaiting for the SI and guidelines to be issued by the mandated institution and as a result, all institutions were implementing this, including the MoFNP. The Ministry had, however, written to the Government Division requesting for an update on the implementation of the PKI.

Committee's Observations and Recommendations

The Committee expresses displeasure at the failure by the Ministry to establish a Certification Authority as stipulated in the Electronic Communications and Transactions (ECT) Act, No. 4 of 2021. The Committee, therefore, urges the Controlling Officer to impress upon the relevant authority to expedite the process of issuing a statutory instrument to operationalise the stipulated requirement. The Committee resolves to await a progress report on the matter.

- **Failure to Conduct Information Technology Audits**

The Controlling Officer submitted that the General Open Worldwide for Application Security Project (OWASP)-compliant security audits, were conducted regularly, quarterly in 2022 and monthly in 2023. Only minor vulnerabilities were discovered and promptly resolved by the developers. There were no data breaches resulting in the loss of critical information or revenue.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

- **Under-utilised Developed Services**

The Controlling officer submitted that in the fiscal year 2022, the GSB and Government Payment Gateway (GPG) processed 391,665 cases in total, including Zambia Department of Immigration (ZDI) - 91,656 cases; PACRA - 97,114 cases; and RTSA -165,161 cases. The NRC service could not be used on the GSB due to the fact that the Integrated National Registration Information System (INRIS), was not ready for integration. The Zambia Police Service, indicated that they required more training and equipment for the officers and training had since been conducted for some officers. However, given the vastness of the Zambia Police Service and institutional administrative changes, training would be continuously conducted to ensure utilisation of the developed services which could be attested to by the members of the public that had acquired police online services such as fingerprint clearance.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to put in place measures that will ensure that there is full utilisation of the systems that have been completed under Phase I of the project and that all the prerequisites required to fully operationalise the system are put in place. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

- Implementation of Phase II
- Low Utilisation of Mobile Enforcement Application

The Controlling Officer submitted that the Government Division had been conducting sensitisation programmes to foster adoption and change and would continue these programmes to all institutions and the general public. Given its novelty, the adoption rate of 37 per cent for RTSA mobile applications was above reasonable expectation. The low adoption rate by the police officers was due to non-availability of mobile phones for police officers. However, recently, 100 mobile phones were provided to the early adopters. It was expected that the number of officers utilising the applications would increase.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to continue with the sensitisation programmes on utilisation of the mobile enforcement application to ensure that more officers can buy in and start utilising the application. The Committee awaits a progress report on the matter.

- Un-utilised Developed Services - Phase II

The Controlling Officer submitted that the Ministry was committed to ensuring that all developed services were online and accessible to the public. The Ministry would continue undertaking trainings whenever possible to ensure that institutions were able to process the online services. Re-training in institutions was also necessary due to staff movements, which required the new members of staff to be trained in how to process the digital applications.

In the fiscal year 2022, the Registrar of Societies processed 8,956 cases. The development of a new Mining Licensing System was rescheduled for the fiscal year 2023, due to unresolved issues with the current Ministry of Mines and Minerals Development (MMMD)'s contractor (Trimble). The GSB contractor's resources were redeployed by the Ministry to other priority systems. Further, the recent issuance of SI No. 43 of 2023, mandated Smart Zambia Institute to enforce the use of GSB systems by all service providers. This would improve utilisation of services by institutions on the GSB.

Committee's Observations and Recommendations

The Committee bemoans the failure by Government institutions to fully utilise the completed services under Phase II of the GSB. The Committee urges the Controlling Officer to put in place strong control measures that will ensure that there is adherence to the recently issued SI No. 43 of 2023 by all service providers. The Committee resolves to await a progress report on the matter.

Non – Functional Road Tolling at RTSA Port of Entry

The Controlling Officer submitted that all services that were planned for under RTSA had been developed and implemented. The road tolling service under the National Road Fund Agency (NRFA), was among the services being considered in future digitalisation plans. RTSA facilitated the collection of fees at Port of Entry on behalf of NRFA.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that officers at RTSA are fully utilising the developed road tolling service as stipulated and avail supporting documents to the Office of the Auditor General for audit verification. The Committee also urges the Controlling Officer to expedite the process of digitalising the road tolling services under the National Road Fund Agency. The Committee resolves to await a progress report on the matter.

- Under-utilised Developed Services - Phase III

The Controlling Officer submitted that the Ministry had assigned officers to each of the cited institutions to facilitate efficient engagement. The systems for the Zambia Police Service (traffic fines); Seed Control; Passport (travel documents); Ministry of Fisheries (livestock and aquaculture); were fully implemented and deployed to the GSB production environment. However, there were some technicalities which needed to be harmonised to ensure that the services were fully utilised. The issuance of SI No. 43 of 2023, which mandates the Smart Zambia Institute to enforce the use of GSB systems by all service providers, would support utilisation of the developed services.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all the technicalities hampering the full utilisation of the systems are resolved without undue delay. The Committee also urges the Controlling Officer to put in place strong control measures to ensure that there is adherence to the full utilisation of the electronic systems by the Government entities and avail supporting documents to the Office of the Auditor General for audit verification. The Committee resolves to await a progress on the matter.

- Failure to Provide User Acceptance Testing Certificates

The Controlling Officer submitted that the Ministry would avail User Acceptance Testing Certificates (UATCs) for all developed systems upon successful testing of the system. He informed the Committee that the systems were similar in nature and thorough interrogation would be done on the workflows to ensure that the digitalised services were representative of the previous manual services. SI No. 43 of 2023, would also help in ensuring that service providers played a part in implementing the developed services.

Committee's Observations and Recommendations

The Committee bemoans the failure by the Ministry to ensure that User Acceptance Testing Certificates (UATCs) are availed for the six entities on the Government Service Bus, that were marked as completed and invoiced to the Government by the consultant. The Committee urges the Controlling Officer to be proactive and ensure that the systems are interrogated without further

delay and avail the User Acceptance Testing Certificates to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

a. Lack of Enterprise Risk Management Framework – ICT Risks

The Controlling Officer submitted that the Ministry was in the process of adopting and adapting its Enterprise Risk Management (ERM) from the National ERM framework for the year 2024, following its development by the Controller of Internal Audit.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to expedite the process of adopting and adapting its ERM from the National ERM, as stipulated. The Committee also urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for audit verification and will await a progress report on the matter.

b. Weaknesses in the Management of Service Level Agreements

i. Lack of Signed Service Level Agreements (SLAs) – Mobile Service Operators The Controlling Officer submitted that the two Mobile Network Operators (MTN and Airtel), were cleared by the Attorney General for the parties to sign. However, the Mobile Network Operators’ legal teams raised some concern son the commercial clause of the contracts after the Ministry had already issued the Notice of Award to the Mobile Network Operators to start offering revenue collection services, hence, delaying the signing of the Service Level Agreements (SLA) for the two operators. Management had, however, reached a consensus with Airtel, pending resubmission to, and clearance by the Ministry of Justice. Further, meetings with MTN had been arranged to clear the pending issues.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to put in place measures that will ensure that the provisions of the Treasury and Financial Management Circular No. 5 of 2015, are adhered to by all Mobile Service Operators. The Committee also urges the Controlling Officer to ensure that SLA are signed by the Mobile Service Operators without further delay and avail supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

ii. Lack of Monthly Reports

The Controlling Officer submitted that the Ministry had written to banks and service providers on the payment gateway to request for the submission of reports and would endeavour to make them available as and when ready. Further, the Ministry noted that with evolving technology, it had been made easier to retrieve necessary reports. Thus, the Ministry would endeavour to improve the requirements in the SLA with the providers on the Payment Gateway.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to put in place strong control measures to ensure that there is compliance by the banks and other service providers to the provisions of section 2.6.14 of

the SLA. The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

iii. Lack of Reconciliations

The Controlling Officer submitted that:

- monthly bank reconciliations between the amounts collected through the mobile service providers were availed to the auditors for verification; and
- bank reconciliations for the total collections through GSB for the period under review for each account were also made available to the auditors for verification.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the matter after which the matter should stand closed.

c. Disaster Recovery and Business Continuity

i. Lack of Business Continuity and Disaster Recovery Plan

The Controlling Officer submitted that the draft Business Continuity and Disaster Recovery Plan was undergoing editorial review and finalisation.

Committee's Observations and Recommendations

The Committee expresses concern that the GSB and the Payment Gateway, are operating without the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). The Committee, therefore, urges the Controlling Officer to ensure that the draft Business Continuity and Disaster Recovery Plan is developed without undue delay. The Committee will await a progress report on the matter.

d. Failure to Implement a Disaster Recovery Site

The Controlling Officer submitted that the Ministry was in the process of procuring the hardware infrastructure for the Disaster Recovery Site. The delay in setting up, was due to financial issues. However, these had been resolved and the procurement process was underway.

In the meantime, several measures had been taken to mitigate the situation. Following the increase of storage for the GSB production environment at Zambia National Data Centre (ZNDC) (Infratel), an automated daily backup was set up for all twenty-seven systems and 280 services, as well as Government Payment Gateway (ZamPay) and other platform components. One week worth of the latest data was now retained for four weeks. In case of disaster, the entire ecosystem (applications and data) would be restored within twelve hours. In the absence of remote Disaster Recovery (DR) sites in Roma (Lusaka) and Kitwe, complete backup copies of the GSB/GPG, were stored in the Azure Cloud, under full control of the Government, through Smart Zambia Institute.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to speed up the process of establishing the Disaster Recovery Site without further delay. The Committee resolves to await a progress report on the matter.

MINISTRY OF COMMUNITY DEVELOPMENT AND SOCIAL SERVICES

PARAGRAPH 17

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31stDecember, 2022, a provision of K4,425,521,918 was made to cater for the operations of the Ministry, against which amounts totalling K4,422,106,269, were released resulting in an underfunding of K3,415,649.

As at 31st December 2022, amounts totalling K4, 202,550,607 had been spent, leaving a balance of K219, 555,662.

The Controlling Officer submitted that the underfunding, amounting to K3, 415,649, was due to non-release of funding from the Treasury during the year under review. The reported unspent balances were in respect of running contracts for the purchase of farming inputs under the Food Security Pack (FSP) and other procurements across programmes which fell off, while in some cases the completion of the procurement process straddled to the 2023 financial year.

The Controlling Officer informed the Committee that the Ministry had continued to engage the Treasury and that the funding releases had since improved in the 2023 financial year.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and ensure that funds are expeditiously expended once released by the Secretary to the Treasury. The Committee also urges the Secretary to the Treasury to ensure that there is timely release of funds once appropriated by Parliament. The Committee recommends the matter for closure, pending verification by the Office of the Auditor General.

b. Operational Matters-Food Security Pack Program

i. Beneficiaries who Collected Farming Inputs Twice –Livingstone District

The Controlling Officer submitted that issuing officers allowed the beneficiaries in question to collect inputs on behalf of others who were unable to personally collect the pack at the material time of issuance due to various reasons. The omission to indicate the names of the eventual beneficiaries of the extra packs created an impression that the beneficiaries who signed for the inputs benefitted twice when in fact not.

Management deeply regretted the aforementioned anomaly and had since charged the issuing officers for not adhering to the FSP Guidelines.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put in place strong internal control measures to deter the recurrence of such queries. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification before the matter can be closed.

ii. Failure to Secure Title Deeds –Skills Training Centres

The Controlling Officer submitted that there had been delays in the issuing of title deeds for the properties in question by the Ministry of Lands and Natural Resources. It was conceded, as evidenced from the Management Minutes, that this matter had protracted despite the Ministry having taken the necessary procedural steps to facilitate acquisition of the title deeds for the institutions falling under its portfolio mandate since the year 2019.

In this regard, survey diagrams, lease documents and other requisite fees were paid as earlier explained but the title deeds had not been processed except for Solwezi Skills Training Centre. Therefore, a follow up letter was written to the Ministry of Lands and Natural Resources Permanent Secretary seeking intervention in the matter beyond the control of the Ministry. On the other hand, the respective institutions had continued to engage with the Ministry of Lands and Natural Resources regional offices for possible expedition of the process.

Committee’s Observations and Recommendations

The Committee notes the submission and bemoans the failure by the Ministry to adhere to the section 41 (4) of the Public Finance Management Act, No. 1 of 2018, by ensuring that all government properties under their jurisdiction are issued with title deeds. The Committee, therefore, urges the Controlling Officer to expedite the process of acquiring title deeds for the stipulated properties without undue delay. The Committee resolves to await a progress report on the matters.

iii. Failure to Provide a Contract- Magnum Security Service

The Controlling Officer submitted that the continuance of service provision post the three months contract awarded to Magnum Security Services, was a temporary measure to avert exposing the Ministry’ installations and assets to potent security risks in the intervening period before contracting a new security service provider on a long-term basis.

In this regard, the process, regrettably, delayed in that it became imperative for the Ministry to engage State Security Wings to conduct a comprehensive security vulnerability assessment, whose recommendations were to be incorporated in the terms of reference for the security services that were to be procured. The services by Magnum Security Service were terminated and the Ministry had since contracted a new security service provider. The respective officer had been charged for negligence of duty.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to put in place measures that will ensure that procurement regulations are adhered to by the officers at the Ministry and avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

MINISTRY OF COMMUNITY DEVELOPMENT AND SOCIAL SERVICES –
IMPLEMENTATION OF SOCIAL CASH TRANSFER PROGRAMME

PARAGRAPH 18

a. Budget Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December, 2022, a provision of K2, 031,811,005, was made to cater for the implementation of the Social Cash Transfer Programme and the whole amount was released.

As at 31st December 2022, amounts totalling K1, 569,220,782 had been spent, leaving a balance of K462, 590,223.

In response, the Controlling Officer submitted that the funds amounting to K394, 649,503.96, were received towards the end of the 2022 financial year in December. These funds were spent in the January/February 2023 Social Cash Transfer payment cycle.

Committee's Observations and Recommendations

The Committee notes the submission, and implores the Secretary to the Treasury to ensure that funds are released on time so that all planned activities are implemented as provided for in the budget. The Controlling Officer is also implored to expedite the disbursement of funds once received by the Ministry. The Committee further recommends that the Controlling Officer should avail supporting documents to the OAG for audit verification subject to which the matter should be closed.

b. Operational Matters- Administration of Social Cash Transfer

i. Failure to Avail Disability Cards for Beneficiaries

The Controlling Officer submitted that the disability cards were available and were submitted to the Audit team.

Committee's Observations and Recommendations

The Committee notes the submission and recommends the matter for closure.

ii. Failure to Deduct and Remit National Health Insurance Management Authority (NHIMA) Contributions

The Controlling Officer submitted that the oversight was deeply regretted and management had since effected NHIMA statutory deductions, and evidence was available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is taken against the officers involved in this anomaly. The Committee also urges the Controlling Officer to strengthen internal controls to ensure that there is adherence to Government regulations by the officers at the Ministry. The Committee further recommends that the Controlling Officer should avail supporting

documents to the Office of the Auditor General for audit verification and will await a progress report on the matter.

iii. Implementation of Social Cash Transfer at District Level

- Irregular Inclusion of Civil Servants as Social Cash Transfer Beneficiaries

The Controlling Officer submitted that upon verification of the query, Management noted that the two beneficiaries were retired civil servants, who had fallen into vulnerability and had met the social cash transfer enrolment eligibility criteria to be placed on the programme.

Committee’s Observations and Recommendations

The Committee notes the submission, and recommends that the Controlling Officer should avail supporting documents to the Office of the Auditor General for audit verification subject to which the matter should close.

- Delayed Banking of Uncollected Transfers

Table 25: Delayed Banking

Province	Station	No. of Day Delayed	Amount K
Muchinga	Isoka DSWO	30-50	187,565
Western	Mongu DSWO	32-178	119,200
	Kalabo DSWO	32-114	21,200
	Nalolo DSWO	32-125	22,200
	Sioma DSWO	32-306	28,400
	Senanga DSWO	42-100	1,600

In response, the Controlling Officer submitted that Management had since verbally warned the erring officers for not ensuring that the pay point managers (PPMs) retired uncollected funds within the stipulated time-frame provided for in the Social Cash Transfer Guidelines. In the case of Mongu and Nalolo, the delay was as a result of changes regarding pay-point managers prior to the payment of the Bi- monthly transfer.

Going forward, the Ministry was in the process of implementing digital payments directly to beneficiaries in order to avoid a recurrence of such queries.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the process of digitalising the payment process directly to beneficiaries of the Social Cash Transfer, is expedited. The Committee also urges the Controlling Officer to ensure that the pay point managers strictly adhere to section 5.4 (h) and (i) of the Social Cash Transfer Guidelines of 2018. The Committee resolves to await a progress report on the matter.

- **Unauthorised Payments**

The Controlling Officer submitted that the cited voucher numbers 004043, 004055 and 004058, were actually duly approved.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification subject to which the matter should be closed.

- **Unaccounted for Fuel Imprest–Kalomo District**

The Controlling Officer submitted that there was no segregation of duties. Management had since charged the erring officers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

- **Payments to Suppliers without Tax Clearance Certificates**

The Controlling Officer submitted that, at the time of the audit, Mongu Hostels Board was using the T-pin for its Headquarters. ZRA had since provided the T-Pin for Mongu Hostels Board.

Committee's Observations and Recommendations

The Committee implores the Controlling Officer to ensure that the supporting documents are availed to the Office of the Auditor General for audit verification before closure.

c. **Implementation of Food Security Pack at District Level**

- i. **Maize Seed-Senga Hill**

The Controlling Officer acknowledged and regretted the under delivery of fifteen bags of maize during the 2022/2023 farming season. In this regard, the Officer in Charge of Senga Hill, who failed to report the under delivery to Management had since been charged for negligence of duty and had been disallowed to perform duties of the District Community Development Officer. Additionally, the supplier was engaged and had since delivered the 15 X 10kg, maize seed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

ii. Unaccounted for Excess Beans Seed (515 bags) –Senga Hill

The Controlling Officer submitted that the excess 515 bags of beans delivered was an oversight on the part of the supplier. The supplier was subsequently informed to retrieve the consignment at his own expense. The supplier had since collected the beans.

Committee's Observations and Recommendations

The Committee urges the Controlling officer to avail supporting documents to the Office of the Auditor General for audit verification subject to which the matter should close.

iii. Irregular Distribution of Food Security Packs–Northern Province

The Controlling Officer submitted that a beneficiary in Nsama registered in two neighboring CWACs and subsequently collected the inputs in question. However, Management had since recovered the monetary value of the inputs and the deposit slips were available for audit verification. In the case of Senga Hill, Management had since recovered the monetary value of the inputs and the deposit slips were available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for audit verification subject to which the matter should be closed.

iv. Delaying Distribution of Inputs–Lundazi District

The Controlling Officer submitted that the inputs were distributed within the planting season considering the delayed rainfall and consultations with the Agricultural Extension Officers in the District.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter subject to which the matter should be closed.

- v. Food Security Pack Beneficiaries Sharing Same National Registration Card Numbers The Controlling Officer submitted that the anomaly of shared National Registration Card (NRC) Numbers among beneficiaries, was a matter of great concern and required national wide efforts to rectify. In this regard, the Ministry engaged the Ministry of Home Affairs and Internal Security for intervention which had since furnished a comprehensive report confirming the existence of collision in the National Registration Card System.

However, the beneficiaries in question, were different persons duly enrolled on the programme and could not be disadvantaged on account of shared NRCs for reasons beyond their control. Management was in the process of developing an electronic management information system for the administration of FSP programme.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the process of developing an electronic management information system for the administration of FSP. The Committee will await a progress report on the matter.

vi. Questionable Beneficiaries with Duplicate National Registration Cards

The Controlling Officer submitted that the difference in the NRC numbers between the soft copy and the manual registers were due to human error. In addition, the Controlling Officer submitted that the data on the approved list was manually typed in Microsoft excel format from the actual hard copy beneficiary's acquittal sheets. Management had developed an electronic management information system for the management of FSP programme.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to expedite the process of digitalising the FSP. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

vii. Under Collection of Agricultural Produce

The Controlling Officer submitted that recoveries were based on crop performance. As a result, forecasted output may not have materialised as a result of various reasons including rainfall patterns (floods and droughts), pests and soil quality and overall crop management. In this respect, the affected districts were in receipt of crop performance reports from Ministry of Agriculture, including poor crop performance, thereby making it difficult for the communities to meet their recovery targets as that would lead to food insecurity. As a result, the communities did not meet their collection targets to implement their own desired projects. In addition, the beneficiaries' crops would be insured.

Committee's Observations and Recommendations

The Committee implores the Controlling Officer to accelerate the process of insuring the crops of the beneficiaries of the FISP programmes. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

viii. Unaccounted for Inputs—Chinsali District - K1,652,040

The Controlling Officer submitted that Management's investigation reviewed that there was an error when recording the inputs issued by their officer and had since charged and cautioned the officer for negligence of duty, a copy of the charge sheet and recommendation for disciplinary actions against the officer was attached. The Controlling Officer also submitted that the inputs had since been acquitted for and documents were available for the auditor's verification. Furthermore, the collected quantities of inputs were issued to the rightful beneficiaries and Management regretted the occurrence and assured the auditors that it would not recur.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to be proactive and put in place measures to prevent the reoccurrence of the query. The Committee also urges the Controlling

Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on matter.

□ Irregular Inclusion of Farmer Input Support Programme Beneficiaries into Food Security Pack Programme

The Controlling Officer submitted that the inputs under the Food FSP were distributed much earlier than those under the Farmer Input Support Programme (FISP). In this regard, some District Community Development Officers wrote to their counterparts, the District Agriculture Coordinators, submitting their FISP register for screening against the FISP register. Further, the FSP system (which is manual) and the FISP system were not integrated.

In this regard, the Ministry had developed an electronic FISP Management Information system. In addition, a social registry was being developed through a government-wide database in order to enhance coordination in the provision of social services across various ministries and government agencies. The concerned beneficiaries had since been removed from the FISP.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the irregularity is rectified and avail supporting documents to the Office of the Auditor General for audit verification. The Committee also resolves to await a progress report on the implementation of the FISP Management Information System and the Social Register.

ix. Unaccounted for Stores - K7, 000

The Controlling Officer submitted that the receipts were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to institute punitive measures against the officer who failed to avail the receipts to the auditors at the time of audit, and to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

MINISTRY OF HEALTH

PARAGRAPH 19

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a provision of K12,808,197,685 was made to cater for various activities against which amounts totalling K11,123,559,464 were released, resulting in an underfunding of K1,684,638,221. As at 31st December 2022, amounts totalling K10,847,891,903 had been spent.

The Controlling Officer submitted that the release of funds towards the Ministry’s budget was outside the control of the Ministry of Health. However, the Ministry of Health submitted funding profiles to the Treasury for the release of the budgeted funds accordingly. Funding profiles were available for verification.

Committee’s Observations and Recommendations

The Committee notes the response urges the Secretary to the Treasury to ensure that the Ministry of Health receives its funding in a timely manner for effective health care services delivery. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

b. Procurement Related Matters

i. Repair, Maintenance and Servicing of Imaging Equipment-Maba Medicals Limited

- **Delayed Payments - US\$808,030.20**

The Controlling Officer submitted that the failure to pay the supplier on time, was mainly attributed to inadequate annual budget allocations and subsequent inadequate fund releases, compounded by the depreciation of the Kwacha as most of the drug and equipment commodities were United States Dollar denominated.

The Ministry had, however, continued engaging the Treasury for the release of funds to liquidate the outstanding amount.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee further urges the Secretary to the Treasury to see to it that the supplier is paid without undue delay and resolves to await a progress report on the matter.

- **Questionable Computation of Interest**

The Controlling Officer submitted that the Ministry wrote to the Attorney General to seek guidance on the interest charged and awaits response.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents, within two months, to the OAG for audit verification, and resolves to await a progress report.

c. Unaccounted for Assets

Table 26

Item	Amount K
10 motorised spray pumps for AU summit lpo1967250	205,000

4 thermal scanners, 4 laptops, 4TVs32", 4 cameras heavy duty	418,600
Napsack sprayer, infra thermometers and automatic dispensers for The AU heads of state	549,350
Total	1,172,950

The Controlling Officer submitted that Management regretted that documents relating to assets worth K1,172,950 meant for the African Union Summit were not availed at the time of audit. The Goods Received Notes (GRN) and Goods Issue Vouchers, had since been retrieved and were available for verification.

Further, Management stated that the location of the assets cited in the report was as indicated in table 27 below:

Table 27

S/ N	DESCRIPTION	QTY REC.	DATE REC.	GRN	QNTY ISSUED	ISSUE VOU	DATE ISSUED	LOCATION
1	10 motorised spray pumps							
	motorised spray pumps	10	12.07.22	11633				u.t.h
	motorised spray pumps				10	19907	13.07.22	lpho
2	thermo scanners and cameras/stands							
	thermo scanners/camera stands	5	15.07.22	11642				u.t.h
	thermo scanners/camera stands				3	19927	20.07.22	kkia
	thermo scanners/camera stands				1	19920	31.03.23	lpho

	balance -u.t.h. general stores							1
3	lap-tops							
	lap tops	5	15.07.2022	1164 2				u.t.h
	lap tops				3	19927	20.07.22	kkia
	lap tops				1	19920	31.03.23	lpho
	balance - u,t,h general stores							1
4	tv's							
	32' tvs	5	15.07.2022	1164 2				u.t.h
	32' tvs				2	19927	20.07.22	kkia
	32' tvs				1	19920	31.03.23	lpho
	balance - u.t.h. general stores							1
5	napsac sprayers							
	napsac sprayer	50	12.07.2022	1162 9				u.t.h
	napsac sprayer				50	19906	13.07.22	lpho
6	infra thermometers							
	infra themometers	50	12.07.2022	1162 5				u.t.h
	infra themometers				50	19902	13.07.22	lpho

7	automatic dispensers							
	automatic dispensers	70	12.07.2022	11626				u.t,h.
	automatic dispensers				70	19903	13.07.22	lpho

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG, within one month, for audit verification, subject to which the matter should be closed.

d. Infrastructure Development

i. Failure to Utilise Funds - K65,051,506

The Controlling Officer stated that Ministry could not make any payments to contractors for works that were not certified since contractors demobilised from sites, citing a review of rates in the Bills of Quantity (BoQs). In addition, negotiations on rates had been concluded and amended contracts had since been submitted to the Attorney General for approval.

Correspondence with the Office of the Attorney General, in which the Ministry had submitted the contracts for amendment on the successfully negotiated contracts was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of the Auditor General within one month for audit verification, and resolves to await a progress report on the matter.

ii. Contract for the Construction of Three District Hospitals and 108 Mini Hospitals – NMS Infrastructure Limited

- Project Status – Construction of Mini Hospitals

Delays in Training Staff - Installed Medical Equipment

No. of Trained and Untrained Officers
Table 28

District	Name of Facility	Total No. of Officers	No. of Officers Trained	of Officers not Trained	% Rate
Petauke	Kaumbwe	10	4	6	40
	Mkwama	14	2	12	14

	Nkwewakwewa	9	2	7	22
Chipata	Chipembaulo	6	1	5	17
	Kagunda	14	4	10	29
Lumezi	Mwasemphangwe	7	1	6	14
Lundazi	Kanyanga	25	1	24	4
	Total	85	15	70	17.6

The Controlling Officer submitted that when the contractor requested for staff to be trained, some officers had not been posted to the newly constructed facilities, except for a few that were available as observed by the Auditor General. The staff that were trained were in turn serving as trainers (focal point persons) who had continued training the other facility staff.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of the Auditor General within one month for audit verification, subject to which the matter should be closed.

□ Failure to Utilise Mini Theatres and Laboratories

Table 29: Unutilised Facilities

No	Province	Name of District	Name of Facility	Name of nonoperational Sections
1	Eastern	Petauke	Kaumbwe	Mini theatre
2	Eastern	Petauke	Mkwama	Mini theatre
4	Eastern	Chipata	Chipembaulo	Laboratory

				Mini theatre
5	Eastern	Lumezi	Mwasemphangwe	Mini theatre
6	Eastern	Sinda	Ndaula	Mini theatre
7	Eastern	Sinda	Nsheketeni	Mini theatre
8	Eastern	Katete	KateteBoma	Mini theatre
9	North Western	Kabompo	Enock Kavindele	Laboratory
10	Southern	Monze	Mulumbwa	Mini theatre
11	North Western	Zambezi	Mize	Mini theatre
12	North Western	Manyinga	Manyinga	Mini theatre
13	North Western	Kasempa	Kabisonga	Mini theatre
14	North Western	Mushindamo	Kasapa	Mini theatre

The Controlling Officer submitted that the structure for the completed mini hospitals was approved in 2022 to be operationalised (positions funded) on a phased approach due to insufficient funding. The Ministry through the mass recruitment of 11, 276 health workers of 2022, managed to deploy a total of 1, 134 health workers to mini hospitals, of which 889 were skilled (specialised) health workers, with twenty-four medical doctors, three medical licentiates; and seventy-eight laboratory technologists to mini hospitals.

Furthermore, the Ministry had allocated 458 positions to the mini hospitals in the 2023 recruitment. Out of this number, ninety positions were medical doctors and fifty for medical licentiates, respectively in order to operationalise the mini theatres.

The Committee was informed that the Ministry would, in line with its overall goal of improving health care services and outcomes among its citizens, endeavour to ensure that a full complement of critically required staff were deployed to mini hospitals as and when subsequent Treasury Authorities (TAs) were granted.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to prioritise matters concerning human resource. The Committee further urges the Controlling Officer to avail supporting documents to the Office of the Auditor General within one month for audit verification. The Committee resolves to await a progress report on the matter.

Failure to Utilise Medical Equipment

The Controlling Officer submitted that it was regrettable that various medical equipment such as a resuscitator; suction pump; electrical; and orbital shaker, among others, had not been utilised from the time of delivery and were still kept in stores at the time of audit. This was attributed to lack of specialised staff who were able to operate the queried medical equipment at the time of audit.

Following the approval of the structures for mini hospitals and the subsequent recruitment of 11, 276 health workers, a total of 889 skilled health workers were deployed to mini hospitals and the equipment had become operational and being utilised. A total of 405 skilled health workers were scheduled to be deployed upon conclusion of the 2023 recruitment.

Furthermore, the Ministry would ensure that various medical equipment delivered to health facilities was put to good and intended use, through deployment of the needed skilled workforce.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to prioritise matters concerning human resource and ensure that appropriate staff is deployed to the affected health facilities. The Committee further urges the Controlling Officer to avail supporting documents to the Office of the Auditor General within one month for audit verification, subject to which the matter should be closed.

□ Undelivered Medical and Non-Medical Equipment - US\$42,079.60

The Controlling Officer submitted that it was regrettable that medical and other equipment such as laboratory equipment and theatre equipment, costing US\$42,079.60, was not delivered by the contractor at seventeen mini hospitals, as at 31st August 2023, although the facilities were handed over between 22nd October, 2019 and 27th September, 2022 and were operational. This was attributed to lack of specialised staff that was able to operate the queried equipment at the time of audit.

The Ministry had written to the contractor, who had since acknowledged non-delivery and had since committed to delivering the equipment. Going forward, the Ministry would ensure that all medical and non-medical equipment was delivered upon completion and hand over of health facilities.

Committee's Observations and Recommendations

As a matter of urgency, the Committee urges the Controlling Officer to ensure that the equipment in question, is delivered and avail supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report.

• Failure to Install Medical Equipment

The Controlling Officer submitted that the delay to install medical equipment was caused by lack of staff in the user departments at the time the contractor was handing over the facilities.

However, installation of medical equipment, as well as the Smart Care software, had since been completed in two mini hospitals as per the pictures below and the team would be moving to the remaining twelve facilities.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the equipment in the other facilities is urgently installed. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report.

- Unaccounted for Medical and Non-medical Equipment - US\$37,424.84 The Controlling Officer submitted as stated below.

- Northern Province

The Ministry regretted that equipment was moved from its designated locations to Milima Isolation Centre during the outbreak of COVID-19 pandemic outbreak. The equipment was moved to respond and manage the novel COVID-19 pandemic at the time. When the outbreak was contained, the equipment was then moved to Kasama General Hospital, which was managing the isolation Centre. The Provincial Health Director had since been directed to ensure that the equipment was moved back to the designated facilities.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to follow up the matter and ensure that the equipment is moved back to the designated facilities and will await a progress report.

- North Western Province

The Ministry regretted that the cited items were located in alternate rooms, resulting in their omission during the audit as unaccounted-for medical and non-medical equipment. The Committee was informed that all the cited items were available at the facilities.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against the officers that disregarded the provisions of Regulation 16 of the Finance (Control and Management) (Public Stores) Regulations. The Committee further urges the Controlling Officer to avail the equipment for verification by the Office of the Auditor General and will await a progress report.

- Failure to Install Solar Systems – North Western Province The Controlling Officer submitted as stated below.

- Zambezi - Mize Mini Hospital

The Controlling Officer submitted that Mize Mini Hospital solar system had not been installed despite having the solar battery system connected. However, the Committee was informed that the facility was connected to the national electricity power grid and the said battery system was used as a power backup for the facility when there was no ZESCO power.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG, within one month for audit verification, subject to which the matter should be closed.

- Enock Kavindele Mini Hospital

The Controlling Officer submitted that the mini-hospital had been connected to the ZESCO grid, eliminating the need for solar panels. Instead, a robust battery system had been seamlessly integrated, ensuring uninterrupted power supply to the facility. This system acted as a reliable backup during power failures, guaranteeing continuous operation and the provision of essential healthcare services to the community, as per the picture below.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of the Auditor General, within one month for audit verification, subject to which the matter should be closed.

- Manyinga Mini Hospital

The Controlling Officer submitted that the contractor was engaged, and the solar system had been connected and was ready for commissioning.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer and the office of the Auditor General to inspect the facility and ascertain the validity of the submission, subject to which the matter should be closed.

- Kasempa: Kabisonga Mini hospital

The Controlling Officer submitted that the mini-hospital had been connected to ZESCO main grid, eliminating the need for solar panels. Instead, a robust battery system had been seamlessly integrated, ensuring uninterrupted power supply to the facility.

Committee's Observations and Recommendations

The Committee urges the Office of the Auditor General to revisit the facility for the verification of the submission tendered, subject to which, the matter should be closed.

- Mushindamo - Kasapa Mini Hospital

The Controlling Officer submitted that the mini-hospital had been connected to ZESCO main grid, eliminating the need for solar panels.

Committee's Observations and Recommendations

The Committee urges the OAG to revisit the facility for the verification of the submission tendered, subject to which, the matter should be closed.

- Delivery and Installation of Non-functional Equipment - US\$10,817.66 The Controlling Officer submitted as set out in table below.

Table 30

No S/N	Name of District	Name of Facility	Details	Hand over Date	Responses
1	Mushindamo	Kasapa	<ul style="list-style-type: none"> • Two (2) fridges • Microscope was not in use because it was lacking x100 lens. 	16.12.2021	<ul style="list-style-type: none"> • The contractor has agreed to replace the two fridges accordingly. • The contractor has agreed to replace the microscope.
2	Luanshya	Mpatamatu	<ul style="list-style-type: none"> • Fridge for the laboratory • Glucometer not in use 	30.06.2022	<ul style="list-style-type: none"> • Management wishes to report that the laboratory fridge is functional and is fully operational • Management wishes to report that the glucometer is functional and is currently in use.
3	Mazabuka	Kaonga	<input type="checkbox"/> Mobile examination light	23.06.2022	The contractor has since replaced the examination light.
4	Livingstone	Dambwa	<input type="checkbox"/> Fridge without a compressor	27.09.2022	The compressor has since been replaced and the fridge is working.
5	Chipata	Kagunda	<input type="checkbox"/> Defective secure fridge	09.06.2022	The compressor has since been replaced and the fridge is working.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to avail supporting documents to the OAG within one month for audit verification, and resolves to await a progress report on Mushindamo District.

Broken Fittings/Wall and Peeling Paint-Milima and Musenga Mini Hospitals The Controlling Officer submitted that the defects occurred within the Defects Liability Period (DLP) and the contractor had since gone back on site to work on the observed defects.

Committee's Observations and Recommendations

The Committee urges the Office of the Auditor General to revisit the facility for the verification of the submission tendered, subject to which, the matter should be closed.

e. Management of Liabilities-Failure to Settle Outstanding Bills - K2,255,859,857 The Controlling Officer submitted that this was mostly due to inadequate funding from the Treasury. The Ministry conducted a verification and reconciliation exercise with the Ministry of Finance and National Planning and requested for funds to liquidate the outstanding debt. During the financial year 2023, the Treasury had so far released K324,530,000.00 towards the liquidation of amounts owed to suppliers of goods and services and had been paid accordingly. Additionally, K91,074,353.26, had been released towards Personnel Emoluments and payments were being made to liquidate the outstanding bills on personnel emoluments.

Management would continue to engage the Treasury to release funds to clear these outstanding bills.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that funds for settlement of outstanding bills are immediately released. The Committee resolves to await a progress report on the matter.

MINISTRY OF HEALTH

PARAGRAPH 20

a. Budget, Funding and Expenditure

In the Estimate of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K190,218,295, was made to cater for various activities against which amounts totalling K189,841,748 were released, resulting in an underfunding of K376,548.

In addition, amounts totalling K33,922,898 were brought forward from 2021 and other funds amounting to K560,433,121 in respect of Covid-19 activities; infrastructure development; and other personnel emoluments were received.

In this regard, the total funds available amounted to K784,574,314. As at 31st December 2022, amounts totalling K695,102,781 were spent, leaving a balance of K89,471,533.

The Controlling Officer submitted that the K89, 471,533, shown as balance, as at 31st December 2022, was still being applied on approved programmes and activities. Upon exhaustion of all the funds, a detailed status report would be made available. The Committee was informed that part of these funds was December 2022 operational grants, which were released towards the end of the year.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and will await a progress report on the matter.

b. Operational Matters

i. Unaccounted for Drugs and Medical Supplies - K2,313,484 In response, the Controlling Officer submitted as stated below.

- Western Province

An orientation was conducted in order to build capacity in health centre staff responsible for handling pharmacy services in basic pharmacy management procedures. Furthermore, Management had enhanced mentorship, monitoring and supervision of health facilities in pharmacology and supply chain management. The Committee was further informed that the supply vouchers had been updated and were available.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer puts measures in place to safeguard drugs at all times. The Controlling Officer should further institute punitive measures, within one month, against officers who caused the query and avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

- Central Province

Serenje District Hospital Office

It was regrettable that the documents to show accountability for the drugs and medical supplies in question, were not availed at the time of audit due to misfiling. However, these had since been retrieved and were available for verification.

The Controlling Officer submitted further, that the Determine HIV Rapid Test and Gene Xpert were not delivered by the Zambia Medicines and Medical Supplies Agency (ZAMMSA).

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer puts measures in place to safeguard drugs at all times. The Controlling Officer should further institute punitive measures, within one month, against officers who caused the query and avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

Mkushi District Health Office

The Controlling Officer submitted that the drug supplies on Order Number EM1002059R, indicated to have been shipped on 20th December 2022, were actually delivered on 8th January 2023. The documents could not be availed during the audit as they were misplaced. These had since been retrieved and were available for verification.

Management had since planned on conducting orientations in order to build capacity in health centre staff responsible for handling pharmacy services in basic pharmacy management procedures.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail these supporting documents to the OAG, within one month, for audit verification. The Committee further recommends that the officers who neglected to perform their functions are immediately surcharged accordingly. The Committee will await a progress report on the matter.

Chibombo District Health Office

The Controlling Officer submitted that it was regrettable that the documents to show accountability for the drugs and medical supplies in question, were not availed at the time of audit due to misfiling. However, these had since been retrieved and were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG within one month for audit verification. The Committee further recommends that disciplinary measures be instituted against the officers who neglected to perform their functions. The Committee will await a progress report on the matter.

Kabwe District Health Office

The Controlling Officer submitted that unaccounted-for drugs queried in the schedule, were due to the non-delivery of the queried drugs and medical supplies by ZAMMSA, as shown in the discrepancies section of the signed delivery notes by both the ZAMMSA driver and the recipient facilities.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents within one month to the OAG, subject to which the matter should be closed.

□ Lusaka Province

Kafue District Health Office

The Controlling Officer submitted that according to records, the original quantity of the drugs was 468 bottles, each containing thirty tablets. However, the quantity cited in the query was 936 bottles with thirty tablets each. The discrepancy in quantity, arose from a situation where the ZAMMSA delivered an excess of antiretroviral drugs that were already in stock.

Following established procedure, the DHO promptly returned the excess drugs to ZAMMSA and subsequently, ZAMMSA issued a credit note to the DHO to rectify the error, which accounted for the additional quantity cited in the query. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for verification, subject to which the matter should be closed.

□ Rufunsa District Health Office

The Controlling Officer submitted that the documents to show accountability for the drugs and medical supplies in question were not availed at the time of audit due to misfiling. However, these have since been retrieved and are available for verification.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should institute punitive measures, within one month, against officers who caused the query and avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

ii. Failure to Store Drugs under the Required Conditions

□ Luapula Province

The Controlling Officer stated that the air conditioners for the two pharmacy bulk stores at Nchelenge District Health Office, had since been replaced with new ones. Furthermore, the structures had been renovated and had shelves and pallets conducive for storage of health commodities.

The Controlling Officer further submitted that Samfya District Health Office had two other prefabricated storerooms, which were used to store commodities. These containers were designed to withstand harsh conditions whilst maintaining the temperatures within the stipulated temperatures of below 25 degrees celsius even in the absence of the air conditioners, as the picture below shows.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents within one month to the OAG for verification, subject to which the matter should be closed.

□ Copperbelt Province

The Controlling Officer submitted that the air conditioners in the cited pharmacy bulk stores had since been repaired and were functional. Documentation for the repair of air conditioners and copies of temperature charts were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents within one month, to the OAG for verification, subject to which the matter should be closed.

iii. Non-operational Medical Equipment

• Copperbelt Province

The Controlling Officer submitted that all the equipment had since been worked on and were in a working condition.

Committee's Observations and Recommendations

The Committee finds it unacceptable that the Controlling Officer is in most cases merely being reactive to audit queries. The Committee urges the Controlling Officer to avail all supporting documents within one month to the OAG for verification, subject to which the matter should be closed.

- Central Province

The Controlling Officer acknowledged that five blood storage refrigerators and six air conditioners at the Kabwe Provincial Health Office for the blood bank unit had not been operational since 2019.

However, the existing blood storage refrigerators were obsolete and irreparable.

The Committee was informed that the Provincial Health Office had started procuring, in a phased approach, blood storage refrigerators, as funds were secured and so far, two new air conditioners had been procured and installed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the required number of storage refrigerators are procured for the Province and avail all supporting documents to the OAG within one month for audit verification. The Committee will await a progress report on the matter.

- c. Accounting Irregularities

- i. Unauthorised Transfer of Funds between Accounts - K767,684 The Controlling Officer submitted as stated below.

- Luapula – Mansa Provincial Health Office

- The Controlling Officer submitted that funds in question were monthly grant allocation from the Treasury, meant for the Provincial Blood Bank Center and not for PHO operational purposes. However, Management regretted the oversight and wished to report that going forward, grants from the Treasury would be remitted directly into the Zambia National Blood Transfusion Services (ZNBTS) Account, which had since been created in the system to facilitate for direct remittance.

- Committee's Observations and Recommendations

- The Committee recommends that the officers that failed to act within the law must immediately be charged accordingly and urges the Controlling Officer to avail all supporting documents to the OAG within one month for audit verification. The Committee will await a progress report.

- Lusaka – Chilanga District Health Office

The Controlling Officer acknowledged that funds were transferred from the Grant Account to the Donor Account without seeking authority and explained that the District Health Director had been charged for the irregular transfer of funds.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG within one month for audit verification, and resolves to await a progress report.

ii. Unsupported Payments - K62,250

The Controlling Officer submitted as stated below.

- Western Province – Sesheke District Health Office

The Controlling Officer submitted that this anomaly was due to poor record keeping by the District Accounts Office. However, a duplicate receipt had since been obtained from ZESCO and was available for verification.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action is immediately instituted against the officers in the District Accounts Office who neglected to carry out their duties. The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

- Southern Province – Mazabuka District Health Office

The Controlling Officer submitted that the supporting documents for the cited unsupported payments could not be traced as the person in charge did not maintain any records.

The Committee was informed that management could not take effective remedial measures as the same officer was serving a jail sentence for related offences committed at his previous station.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that an effective internal audit system to help in detecting such matters, as well as creating good record management systems, is immediately put in place. The Committee further recommends that disciplinary action is immediately instituted against the supervising officer for failure to maintain the records.

- Central Province - Serenje District Health Office

The Controlling Officer submitted that some of the documents were misplaced. The supporting documents for the payments had since been retrieved and were available for verification. The officer had since been charged accordingly.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that an effective internal audit system to help in detecting such matters, as well as good records management system, is immediately put in place.

iii. Irregular Use of Accountable Imprest – Sesheke District Health Office

The Controlling Officer submitted that the officers had since been cautioned and instructions had been issued to them to desist from such conduct in future. Furthermore, cash irregularly used to procure goods and services had been refunded by the affected officers and documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification within one month, and ensure that disciplinary action is instituted against the erring officers. The Committee will await a progress report on the matter.

iv. Missing Payment Vouchers - K812,059

The Controlling Officer submitted as stated below.

Southern Province – Mazabuka District Health Office

The Controlling Officer submitted that the missing payment vouchers could not be traced as the person in charge did not maintain any records. Management could not take effective remedial measures as the same officer was serving a jail sentence for related offences committed at his previous station.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action is immediately instituted against the supervising officer for failure to supervise and avail supporting documents to the OAG for audit verification. The Committee will await a progress report.

Western Province – Nalolo

The Controlling Officer submitted that the missing payment vouchers were due to misfiling but had since been retrieved and were available for verification. The accounting officer had been charged in accordance with disciplinary codes and procedures for failure to avail the payment vouchers to the auditors.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification within one month and resolves to await a progress report on the matter.

v. Failure to Claim Cost of Leaked Gas–North Western Province – K34,795

The Committee was informed that the supplier (Afrox) had been contacted on several occasions but the response had not been favourable. Since the manifold was under warranty in the contract with the supplier and the leakage occurred within the defect liability period, Management was of the view that Afrox was supposed to make good the leakage, the responsibility of which Afrox was denying.

The matter had since been referred to the Attorney General for a legal opinion and further guidance.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for verification within one month, and resolves to await a progress report on the matter.

vi. Irregular Withdraw of Cash – K530,962

The Controlling Officer submitted as stated below.

□ Southern Province– Choma Provincial Health Office

The Controlling Officer regretted that cash amounting to K55,320 was drawn, as opposed to being paid directly into the individual officers' bank accounts. The funds were collected on behalf of drivers because at the time when the activity was approved, the programmes for the drivers were not certain and therefore, funds were drawn to be paid to the drivers that would be available at the time of undertaking the programme.

The activity was undertaken and the funds were fully acquitted and documents were available for verification. Going forward, Management would seek authority from the Controlling Officer to draw imprest.

Committee's Observations and Recommendations

The Committee recommends that disciplinary should be immediately instituted against the officers who neglected to carry out their duties in line with the requirements of the guidelines. The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

Central Province – Kabwe Provincial Health Office

It was regrettable that cash amounting to K11,280, was drawn as opposed to paying directly into the individual officers' bank accounts. The officers were cautioned and reminded to ensure that all payments for allowances were made directly into individual bank accounts, as required.

Furthermore, the Controlling Officer submitted that the irregularly drawn amounts were fully acquitted and documents were available for verification. Going forward, Management would seek authority from the Controlling Officer to draw imprest.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action be immediately instituted against the officers who neglected to carry out their duties in line with the guidelines and urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

□ Lusaka Province - Provincial Health Office (Blood Bank)

The Controlling Officer submitted that it was regrettable that cash, amounting to K255,300, was drawn, as opposed to paying directly into the individual officers' bank accounts. It was further stated that the irregularly drawn amounts had been fully acquitted, with documents available for verification.

The Controlling Officer added that Management had since stopped payment of group imprest and effected the payment of allowances directly into individual team members' accounts in line with the requirements of the Public Finance Management Act.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action should be immediately instituted against the officers who neglected to carry out their duties in line with the requirements of the guidelines. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

- Lusaka Province - Rufunsa, Chilanga and Luangwa

The Controlling Officer submitted that, for the three districts above, funds were drawn to pay Community Based Volunteers (CBVs) who had neither a bank account nor a mobile money account. The funds were duly acquitted and the acquittal sheets were available for verification. Going forward, Management had engaged the Secretary to the Treasury for special authority to facilitate payments to CBVs. Heads of institutions had since been charged and charge letters were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification within one month, subject to which the matter should be closed.

- Northern Province – Nsama District Health Office

The Controlling Officer submitted that it was regrettable that cash amounting to K22,753 was drawn, as opposed to paying directly into the individual officers' bank accounts. The officers were cautioned and reminded to ensure that all payments for allowances were made directly into individual bank accounts as required.

Furthermore, the Controlling Officer submitted that irregularly drawn amounts were fully acquitted and documents were available for verification. The Committee was informed that Nsama District had no banks and officers travelled to Kasama, which was 250km away to access banking and other financial services. The Committee was further informed that the amount of K8,560 was paid directly to the officer's individual account.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that in exceptional circumstances, such as lack of banking facilities, authority must be sought from the Secretary to the Treasury to go against the provisions of the Ministry of Finance Treasury and Finance Management Circular No. 1 of 2022. In this regard, the Committee recommends that disciplinary action is immediately instituted against the officers who neglected to seek authority from the Secretary to the Treasury and resolves to await a progress report on the matter.

- d. Infrastructure Development

- i. Construction of Bangweulu General Hospital in Lupososhi - K154,174,341

The Controlling Officer submitted that the project fell under the category of projects below 80 per cent, against which there was a Government directive that all such projects should be put on hold until those above 80 per cent were completed. The project was at 40 per cent.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

ii. Construction of Fifty-Two Bed Student Hostel - Chilubi Nursing School in Chilubi District - K6,315,507

The Controlling Officer submitted that the project was procured and managed by the Provincial Administration – Northern Province and was before the courts of law.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification within one month, and resolves to await a progress report on the matter.

iii. Construction of an Outside Patients Department at Lukangaba in Mansa District - K469,960

The Controlling Officer submitted that the contract was one of the old contracts for 2018 and prices of building materials had since increased. It was for this reason that the contractor applied for a variation which had since been approved by Ministry of Infrastructure, Housing and Urban Development. The contractor had since been directed to remobilise on site. The instruction to the contractor and acknowledgement by the contractor was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification within one month. The Committee will await a progress report on the matter.

e. Failure to Maintain Assets–Nyimba District Hospital-Eastern Province

The Controlling Officer submitted that the cracks started developing after the expiry of the Defects Liability Period (DLP). The matter was reported to Ministry of Infrastructure, Housing and Urban Development, which engaged the consultant to undertake geotechnical investigations to establish the cause of the cracks and recommended corrective measures.

After the investigations, it was established that cracks started developing due to the swelling and shrinking of the soil in the area, where the hospital was located. However, following the consultant's recommendation, the drawings and Bill of Quantities had since been prepared and the Treasury has released funds for remedial works on the cracks. The Office of the Eastern Provincial Director was in the process of floating the tender to invite eligible bidders to submit their bids through the Electronic Government Procurement system.

The consultant's report; Bill of Quantities and internal memorandum were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification within one month. The Committee further urges the Controlling Officer to ensure that due diligence is conducted when picking contractors for such projects. The Committee will await a progress report on the matter.

f. Unaccounted for Motor Bikes –Mazabuka District Health Office - K99,790

The Controlling Officer submitted that the matter was still under police investigation and police reports were available for verification. Any officer who would be found wanting would be charged accordingly.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification within one month, and resolves to await a progress report on the matter.

g. Lack of a Functional Ambulance -Mbala District Health Office

The Controlling Officer submitted that the vehicle was locally assessed, and it was established that the cost of maintenance was too high due to its age. In the interim, the Institution used the land cruisers GRZ 866 CR and GRZ 904 CL for referrals. In the long term, the Ministry was mobilising resources to procure ambulances across the country.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification within a month. The Committee further urges the Controlling Officer to ensure that an ambulance is urgently procured and resolves to await a progress report on the matter.

h. Failure to Insure Eleven Motor Vehicles and Twenty-One Motorcycles –Southern Province

The Controlling Officer submitted that Management had insured the motor vehicles and motor cycles, and documents were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification within a month, subject to which the matter must be closed.

i. Management of Vehicle Service Centres - Southern, Copperbelt, Luapula and Central Provinces

ii. Choma Provincial Health Office

- Two pole lifters were not working as the hydraulic cylinder was leaking.
- Tyre changer machine was not in use.

- The workshop was not able to perform wheel alignment because the core software that was used to operate the wheel alignment machine was configured in Chinese.

iii. Ndola Provincial Health Office

- The 30-ton pressing machine had broken seals.
- The wheel alignment machine had its operating software installed in Chinese

iv. Mansa Provincial Health Office

The wheel alignment machine was non-functional since its installation in 2017 due to a faulty computer processing unit.

v. Kabwe Provincial Health Office

The key positions for auto mechanic and auto electrical mechanic were not filled.

The Controlling Officer submitted that the equipment in (i), (ii) and (iii) was delivered and installed. However, due to software being in Chinese, the equipment could not be operationalised. The Ministry had since engaged the manufacturer for a solution.

The seals for the 30-ton pressing machine, which was reported to have broken seals, in Ndola (ii), had since been procured and fixed. The machine was fully operational. Documentation was available for verification.

As for the key positions for auto mechanic and auto electrical mechanic cited as not filled, Management reported that the establishment for the Vehicle Service Center for Central Province had a provision for four auto mechanics and two auto electrical mechanics. However, only two positions for auto mechanics were funded and filled, and only one position for auto electrical mechanic was funded and filled. The rest of the positions would be considered once Treasury Authority was granted.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that as a matter of urgency all the Vehicle Service Centres are immediately restored. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification within a month and resolves to await a progress report.

i. Failure to Recover Advances - K465,880

The Controlling Officer submitted that recoveries for the cited unrecovered salary advances had since been effected and copies of pay slips were available for verification.

In the case of Lusaka Province, the affected officer had his contract terminated soon after obtaining the salary advance. The advance will be recovered from his gratuity.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is commenced against all the officers that neglected to carry out their duties in line with the Terms and Conditions of Service for the Public Service No. 92. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification within a month, and resolves to await a progress report.

j. Management of Liabilities

i. Failure to Withhold Value Added Tax - K121,607 The Controlling Officer submitted as stated below.

Lusaka Province – Lusaka District Health Office

The Controlling Officer submitted that the Auditor’s observation on failure to withhold VAT, amounting to K27,085 was duly noted. The Controlling Officer added that the companies involved were engaged to confirm subsequent remittance of VAT ZRA. Affirmative confirmation was given and was available for verification.

Going forward, the district had ensured that VAT was withheld and remitted to ZRA accordingly.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer, as a matter of urgency, to ensure that disciplinary action is commenced against all the officers that neglected to carry out their duties in line with the Value Added Tax (Amendment) Act, No.12 of 2017 and Treasury and Financial Management Circular No.6 of 2017. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee will await a progress report.

Southern Province – Chirundu and Mazabuka District Health Office

The Controlling Officer stated that Toyota (Z); Cfao; and Auto World, had since remitted VAT directly to ZRA. However, the remaining two companies (Tukutuku and Fast Mobile), did not withhold tax and Management wrote to ZRA to have the companies remit VAT. Documents were available for verification.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer, as a matter of urgency, to ensure that disciplinary action is commenced against all the officers that neglected to carry out their duties in line Value Added Tax (Amendment) Act, No.12 of 2017 and Treasury and Financial Management Circular No.6 of 2017. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee will await a progress report.

Eastern Province – Lundazi District Health Office

The Controlling Officer submitted that it was regrettable that contrary to the directive on withholding Value Added Tax (VAT), Lundazi District Health Office made payments without deducting tax for further remittance to Zambia Revenue Authority (ZRA), as per guidelines.

The Controlling Officer stated that out of the K31,100.98 cited in the report:

- i. an amount of K7,728.89, was not withheld because the invoice was VAT exclusive, while K4,518.43 was deducted but not remitted at the time of audit and had since been remitted;
- ii. K467.59 was not withheld because the supplier was on turnover tax, while K3,586.21 was remitted to ZRA by the supplier; and
- iii. follow ups were still being made to confirm that the remaining VAT, amounting to K14,799.86 in respect of the queried invoices was subsequently remitted by the suppliers.

The responsible officers had since been charged for failure to adhere to policy directives. The letter and receipts from ZRA, invoices, and charge letters were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the outstanding funds are remitted to ZRA without fail. The Controlling Officer is further urged to put measures in place to ensure that the Ministry complies with the law henceforth. Furthermore, the Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification within a month, subject to which the matter should be closed.

Luapula Province- Nchelenge District Health Office

The Controlling Officer submitted that the cited suppliers - Toyota Zambia and Auto World, had since availed proof of remittance of VAT in question. The companies provided tax returns for the period covering the transactions cited in the report despite the returns not individualising the transactions queried. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee will await a progress report.

ii. Failure to Settle Outstanding Bills - K483,610,425

The Controlling Officer submitted that this was mostly due to inadequate funding from the Treasury. The Ministry recently conducted a verification and reconciliation exercise with the Ministry of Finance and National Planning and had since requested for funds to liquidate the outstanding debt.

In the year 2023, the Treasury had released K15,000,000 towards Personnel Emoluments, which had been utilised accordingly, while the K39,281 under Mwense DHO had since been liquidated using local resources, bringing the balance to K468,571,144.

The Controlling Officer stated that management would continue to engage the Treasury to release funds to clear the outstanding bills.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all outstanding bills are settled without fail. The Committee further urges the Controlling Officer to ensure that supporting documents are availed to the OAG for audit verification and resolves to await a progress report.

MINISTRY OF HEALTH – PERSONNEL EMOLUMENTS (PAYROLL)

PARAGRAPH 21

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a provision of K5,507,086,569, was made for salaries and other personnel emoluments; related expenses; and the whole amount was released.

As at 31st December 2022, amounts totalling K7,074,933,542, were spent, resulting in excess expenditure of K1,567,846,973.

The Controlling Officer submitted that the observed variance between the budget and the actual expenditure for personnel emoluments was due to the fact the budgeting processes for the financial year 2022 were done and concluded in 2021 and did not take into account the revision in conditions of service arising from sector union negotiations, as well as the 2022 recruitment of 11,276 health workers. He indicated that the Budget Call Circular did not consider the increase in the Establishment arising from the employment of the new health workers.

The Ministry had requested MoFNP to provide further guidance on the issue.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to periodically do reconciliations and ensure that realistic budgets are made. The Committee further urges the Secretary to the Treasury to institute disciplinary action on the officers involved in the excess funds spent without authority from the Secretary to the Treasury and avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

b. Failure to Replace Successful Candidates Who Did not Report

The Controlling Officer submitted that the 2022 recruitment of health workers, was done using the decentralised model for the first time under the Ministry of Health and this process was spearheaded by the Civil Service Commission, through its established Human Resource Management Committees (HRMCs) at district and provincial levels, respectively. This meant that the replacements were to be managed by the same HRMCs. Given the allowed timelines to replace all employees who had not reported for duty, there was delay in reconciling the numbers.

However, the process of replacing candidates who had not reported for duty had already commenced at the time of audit verification. The process had since been concluded and successful candidates had been issued appointment letters and placed on the payroll. The candidates' appointment letters were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG, subject to which the matter should be closed.

c. Officers Introduced on Payroll without Supporting Documentation – (475 Officers) The Controlling Officer submitted that documentation supporting the introduction of 475 employees on the payroll was not availed at the time of audit. This was as a result of flaws in record keeping at facility level. The documentation for the introduction of 462 employees had since been retrieved and was available for verification.

As regards the remaining thirteen officers under the University Teaching Hospitals, they had their account details voided in 2022 in order to ascertain their whereabouts and avoid payment of salaries to ineligible officers. However, the officers had not resurfaced and the Ministry had since written to Public Service Management Division (PSMD) to terminate them from payroll.

Furthermore, in order to prevent the re-occurrence of the above query, the Ministry had since charged all the erring officers. The Ministry had further put in place measures to enhance record keeping such as conducting quarterly personal staff file audits, updating of monthly staff returns and enforcing the payroll workflows introduced by MoFNP to promote accountability and effective management of the payroll system. Documents were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that officers that omitted to maintain the records in question are immediately disciplined accordingly. The Committee further urges the Controlling Officer to avail supporting documents on the 462 officers to the OAG, subject to which the matter should be closed.

On the remaining thirteen officers, the Committee urges the Controlling Officer to immediately engage relevant investigative agencies to establish what transpired, and resolves to await a progress report on the matter.

d. Ungazetted Health Facilities with/without Establishment Registers

The Controlling Officer submitted that the staff misplacements were mainly due to administrative placement of critical staff made to respond to peculiar staffing needs necessary for effective service delivery and non-separation of payrolls for newly created districts.

Furthermore, the administrative placements were also done to respond to staffing needs of newly created district health offices and a number of newly constructed health facilities, which needed immediate operationalisation. In view of this, the Ministry had to make administrative transfers of staff to the new areas and facilities at the time, pending issuance of Treasury Authority.

The Ministry had continued to normalise the administrative transfers through the granted Treasury Authorities and available vacant positions.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer as a matter of urgency to ensure that all facilities are immediately gazetted; given full Establishment; and Treasury authority sought to fill the vacancies. The Committee resolves to await a progress report on the matter.

e. Health Facilities with Unfunded Structure

Table 31: Unfunded Structure

No	Facility	Approved No of Facilities	No of Positions per Facility	Total Positions	Facilities Not Funded	Unfunded Positions	Funded Facilities	Funded Positions
1	District Health Offices	11	29	319			11	319
2	First Level Hospitals	4	223	892	4	892	0	0
3	Mini Hospitals	48	60	2880		0	48	2880
4	Training Schools	12	97	1164	12	1164	0	0
5	One Zonal Health Centre	1	60	60	1	60	0	0
6	Rural Health Centres	45	13	585	27	351	18	234
7	Health Posts	480	10	4800	174	1740	306	3060
	Total	601		10,700	218	4207	383	6493

The Controlling Officer submitted that Cabinet approved the structures of the queried facilities on the premise that the implementation of the structures would be done in a phased manner.

The observed situation was as a result of inadequate Treasury Authority to operationalise all the unfunded positions and facilities. The Ministry would continue to lobby and utilise the allocated Treasury Authority to operationalise critical unfunded positions. The Minute of approval of structures for the newly created facilities was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to seek Treasury authority for critical unfunded positions and avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress on the matter.

f. Payments of Salaries to Ghost Employees - K4,341,655

The Controlling Officer submitted that all the queried six officers had since been accounted for, of which, two officers were actively working under Southern Province, while three officers deserted from their respective facilities and one officer resigned from the Civil Service.

He added that salaries for the three officers, who deserted had been locked as the Ministry awaited conclusion of their disciplinary cases, while the officer who resigned was terminated from the payroll and computations for recovery of the irregularly paid monies had been done. The officer had since committed to repay the monies and the supporting documents were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer as a matter of urgency to ensure that internal audit systems are strengthened if public funds are to be preserved. Furthermore, the Committee urges the Controlling Officer to ensure that disciplinary action is immediately commenced against the supervisors for the erring officers who neglected to submit the monthly returns and avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress on the matter.

g. Irregular Payment of Allowances

i. Irregular Payment of Rural - (K9,693,861) and Remote Hardship Allowances - (K1,697,500)

The Controlling Officer submitted that the irregular payment of rural hardship allowance was as a result of staff misplacements due to administrative transfers, where officers were moved from rural to urban health facilities.

The recoveries had been effected and pay slips were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against the supervisors who omitted to provide returns on their staff, as well as all staff who omitted to report payment of non-applicable allowances. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

ii. Payment of Remote Instead of Rural Hardship Allowance - K455,346

The Controlling Officer submitted that the irregular payment of remote instead of rural hardship allowance was attributed to payroll system configuration errors as the allowances were system administered.

However, the recoveries had been effected and pay slips were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification within a month, subject to which the matter should be closed.

iii. Commuted Night Duty Allowance - K32,577

The Controlling Officer submitted that the irregular payment of commuted night duty allowance was as a result of failure to delimit the allowance for officers who had since stopped doing night shift. However, the recoveries had been effected and pay slips were available for verification.

Furthermore, End - Users had been guided through their respective Provincial Health Directors to delimit the allowance once officers stopped doing night shift. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against the supervisors who omitted to provide returns on their staff. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

iv. Retired Employees Paid Repatriation Still Receiving Housing Allowance - K259,462 The Controlling Officer regretted that fifteen retired officers that were paid repatriation were still receiving housing allowance at the time of audit. The Controlling Officer added that the payment of terminal benefits, as well as repatriation allowance, was decentralised to the Provincial Health Offices, District Health Offices; and Hospitals. The separatees' payroll was centrally managed by the Payroll Management Establishment Control (PMEC).

In view of the above, Management had since delimited the queried allowance and computations for recoveries of the irregularly paid allowance had been done and would be recovered from the retirees' other unpaid terminal benefits. Copies of the officers pay slips and the computations for recoveries were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against the officers who omitted to provide returns on the affected retirees. The Committee further urges the Controlling Officer to avail supporting documents to the OAG within a month for audit verification, and resolves to await a progress report.

h. Weaknesses in the Administration of Terminated Officers

i. Payment of Salaries to Officers who Resigned -K2,184,683

The Controlling Officer submitted that the officers who resigned had since been terminated from payroll and computations for recoveries of the irregularly paid salaries had been done and shall be recovered from their terminal benefits. The erring officers had since been charged.

To further avoid the recurrence of the above query, the Ministry had directed the Provincial Health Directors and the Senior Medical Superintendents to submit monthly attrition reports for officers

who had, for any reason, separated from the Ministry of Health for close monitoring and follow up. The charge letters and directives were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the public funds in question are immediately recovered without fail. Further, the Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

ii. Payment of Salaries to Deceased Officers - K935,230

The Controlling Officer submitted that all the deceased officers had since been terminated from the payroll and computations for recoveries of the irregularly paid salaries had been done and shall be recovered from their terminal benefits.

Management had further charged the erring officers responsible for this anomaly.

Further, to avoid the recurrence of the above query, the Ministry had directed the Provincial Health Directors and the Senior Medical Superintendents to submit monthly attrition reports for officers who had, for any reason, separated from the Ministry of Health for close monitoring and follow up. The charge letters and directives were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification, subject to which the matter should be closed.

iii. Delayed Transfer of Twenty-Two Officers to Seperatees' Payroll - K816,900

The Controlling Officer submitted that the movement of retirees to separatees' payroll was centrally managed by the Payroll Support Services Department under the Public Service Management Division and that the recommendations for the queried officers were duly submitted by the Ministry.

The Committee was further informed that the queried officers had since been moved to separatees' payroll. The recommendation letters were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against the officers who omitted to provide returns on the affected separatees. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

iv. Salaries Paid to Deserters - K1,419,574

The Controlling Officer submitted that out of the thirteen queried officers, two officers, under Luapula Province had proceeded on approved study leave and were not irregularly paid salaries; two officers under Southern Province had been dismissed from the Civil Service; and one officer was working at Monze Mission Hospital, pending disposal of his case. Further, the salaries for the

remaining eight officers had since been locked to prevent loss of government funds as the Ministry awaited conclusion of their respective disciplinary cases.

Management had further charged the erring officers responsible for this anomaly.

Furthermore, to avoid the recurrence of the above query, the Ministry had directed the Provincial Health Directors and the Senior Medical Superintendents to submit monthly attrition reports for officers who had, for any reason, separated from the Ministry of Health for close monitoring and follow up. The supporting documents were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG within a month for audit verification. The Committee resolves to await a progress report on the matter.

v. Irregular Payment of Salaries to Employees on Unpaid Leave - K974,886

The Controlling Officer submitted that officers who had proceeded on unpaid leave were irregularly paid salaries after their departure from their respective stations. The Committee was informed that the queried officers had since been terminated from the payroll and computations for recoveries of the irregular paid salaries had been done and communicated to the respective officers for recovery. The erring officers responsible for this anomaly had since been charged.

Further, to avoid the recurrence of the above query, the Ministry had directed the provincial health directors and the senior medical superintendents to submit monthly attrition reports for officers who had, for any reason, separated from the Ministry of Health for close monitoring and follow up. The supporting documents were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

vi. Termination from Payroll without Authority - K840,244

The Controlling Officer submitted that documentation supporting the termination of 109 employees on the payroll was not availed at the time of audit verification because of flaws in record keeping at facility level. The documentation had since been retrieved and was available for verification.

The Ministry had charged all the erring officers. The Ministry had further put in place measures to enhance record keeping such as conducting quarterly personal staff file audits and enforcing the payroll workflows introduced by MoFNP to promote accountability and effective management of the payroll system. The charge letters and the supporting documents were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

i. Salaries Paid to Officers without Valid Contracts - K2,067,388

The Controlling Officer submitted that the irregular payment of salaries was as a result of Cabinet Circular No. B10 of 2016, regarding retention of officers on payroll and the queried officers were only terminated after release of Cabinet Circular No. B25 of 2022, which guided that officers who served on contract were not eligible for retention on payroll upon expiry of their contracts. All the queried officers had since been terminated from payroll. The Circulars and other supporting documents were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG within a month for audit verification, subject to which the matter should be closed.

j. Overpayment of Salary to Officers on Wrong Salary Notches - K523,350

The Controlling Officer submitted that fifty - five officers who were appointed after 1st January, 2016 were overpaid salaries due to placement on wrong salary notches. The officers' salaries had since been correctly adjusted and recoveries for the overpayments had been effected. The officers' pay slips were available for verifications.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against the officers who omitted to perform their duties in line with laid down procedures, resulting in loss of public funds. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

MINISTRY OF TRANSPORT AND LOGISTICS

PARAGRAPH 22

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a provision of K529,474,864, was made to cater for operations of the Ministry, against which amounts totalling K525,985,713, were released resulting in an under funding of K3,489,151. As at 31st December 2022, amounts totalling K525,784,965 had been spent.

The Controlling Officer submitted that the amount cited as underfunding related to Supplementary Budget Provision Number 1 of 2022, which was approved by Parliament in July of 2022. This was meant to facilitate the construction of a false roof at the Ministry's Headquarters. However, the

funds were not released for the implementation of the false roof. The Treasury had made the funds available in the 2023 Budget and the Project was almost complete.

Committee’s Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that funds are released on time so that all the planned activities are implemented as provided for in the budget. The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and awaits a progress report on the matter.

b. Accounting Irregularities

i. Unaccounted for Stores - K54,922

The Controlling Officer submitted that the failure to provide the receipt and disposal details were due to lack of coordination between the main stores office and the satellite stores within the Ministry. In this regard, the responsible officer had since been charged. Further, the receipt and disposal details for the cited items amounting to K 54, 922, were available for audit verification.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to put in place measures to ensure that there is proper coordination between the departments in the Ministry. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report the matter.

ii. Unsupported Payments - K138,743

The Controlling Officer submitted that the cited payments, amounting to K138, 743, had been supported with necessary documentation. Further, the receipts for payments made were obtained at the point of submission of the proof of payment to the supplier and as such, the failure to support payments at the time of the audit was due to failure to follow lawful instruction. In this regard, the responsible officer had since been charged.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verifications. The Committee will await a progress report on the matter.

C. Lack of Title Deeds for Properties

Table 32: Properties without Title Deeds

No	Name of the Buildings	Location
1	Government Printing Department Lusaka	Lusaka
2	Office and Equipment Maintenance Department Lusaka	Lusaka

3	Office and Equipment Maintenance Department Chipata	Chipata
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The Controlling Officer submitted that the cited buildings housed departments that were recently aligned to the Ministry. In this regard, following the realignment, the process of transfer of assets was based on the report of the Special Committee of Survey. This notwithstanding, following the audit observation, the Ministry commenced the process of acquiring title deeds for the three buildings with the Ministry of Lands and Natural Resources.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the process of acquiring title deeds for the stipulated properties. The Committee resolves to await a progress report on the matter.

d. Staff Related Matters

i Failure to Avail Other Personnel Emoluments Expenditure Records - K875, 350

The Controlling Officer submitted that the expenditure records were availed to the auditors except. They were not supported with relevant documentation. This was due to failure by the responsible officer to have the documents photocopied and attached to the payments. In this regard, the responsible officer had since been charged for not attaching the supporting documents. The Committee was further informed that the said documents in amounts totalling K875, 350, had since been traced and were available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

ii. Irregular Payment of Salary to an Officer on Unpaid Leave - K28,254

The Controlling Officer submitted that the payment of a salary to an officer who proceeded on leave was due to delay in blocking the salary for the officer. In this regard, the responsible officer had since been charged. Further, Management had engaged the officer who received the salary while on leave to refund the amount and she had since committed to a settlement plan over a period of twelve months. In this regard, an amount of K900 had since been paid.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that regular payroll audits are conducted. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

iii. Irregular Payment of Salaries to Officers Who Resigned - K34,874

The Controlling Officer submitted that the payment of salaries to the two officers who had resigned was due to delay in terminating the officers from the Payroll. In this regard, the responsible officer had been charged. Further, Management had engaged the officers who received the salaries after

resigning to refund the amounts and the officers had committed to paying back in periods of three and six months. The officers had so far paid K3, 500 leaving a balance of K 31, 374.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put in place measures to ensure that the internal audit function is carried out more effectively and on a regular basis. The Committee also urges the Controlling Officer to ensure that the irregularly drawn salaries are recovered without undue delay and avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

MINISTRY OF TRANSPORT AND LOGISTICS - GOVERNMENT FLEET MANAGEMENT

PARAGRAPH 23

Motor Vehicle Management

- (a) Failure to Record Motor Vehicle Details and Update Fleet Management Registers.

Table 33: Serial numbers of motor vehicle registration

Year	Series From	Series To
2016	GRZ 424CM	GRZ 348CN
2017	GRZ 349CN	GRZ 182CP
2018	GRZ 183CP	GRZ 449CR
2019	GRZ 450CR	GRZ 299CS
2020	GRZ 300CS	GRZ 453CV
2021	GRZ 454CV	GRZ 115CX

The total number of motor vehicles recorded in the register as of 31st December 2021 was 4,126.

An analysis of the Government Fleet Management Register revealed that a total of 753 series of GRZ numbers were missing from the Government Fleet Management Register. Further, MPAs submitted fleet management registers that were not updated in that some motor vehicles were not recorded.

In response, the Controlling Officer submitted that the registration of Government motor vehicles by the Controller of Government Transport was being done manually and as such it was prone to errors such as the one cited by the Auditor General. This explained why the Ministry saw it fit to commission this specific audit so as to have a full understanding of the short comings in the management of Government Transport and undertake measures to address them.

With regards the registration of motors vehicles, the Ministry had since realigned the registration of all government vehicles to the Road Transport and safety Agency to automate the registration process. This measure would ensure that going forward, no number series would be skipped.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the automation of the registration process for government motor vehicles without delay. The Committee further recommends that the Controlling Officer should avail supporting documents to the Office of the Auditor General and will await a progress report on the matter.

(b) Unaccounted for Motor Vehicles Bought Using Ministries Provinces and Spending Agencies Tax Payer Identification Numbers

Table 34

No.	Name of Ministry	No. of Vehicles	Value for Duty Purposes
1	Ministry of Transport & Logistics	44	121,038,287
2	Ministry of Local Govt.	146	56,581,238
3	Ministry of Water Development	26	16,546,958
4	Ministry of Home Affairs and Internal Security	191	80,141,184
5	Ministry of Finance and National Planning	132	43,694,134
6	Ministry of Health	30	9,385,460
7	Ministry of Energy	40	28,660,860
8	Ministry of Commerce, Trade and Industry	8	2,325,779
9	Ministry of Science and Technology	2	418,723
10	Ministry of Tourism and Arts	2	2,160,753
11	Ministry of General Education	329	95,228,169
12	Ministry of Agriculture	43	7,620,778
13	Ministry of Chiefs and Traditional Affairs (in dissolution)	9	1,128,410

	Total	1,002	464,930,734
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The Controlling Officer submitted that in their earlier submission, it was indicated that the Taxpayer Identification Numbers (TPIN) for Ministries were used by all institutions under a particular Ministry to apply for tax exemption certificates.

The Controlling Officer also submitted that, Government Transport Control Unit (GTCU) Vehicle registration system was manual and the TPIN clearance system was also manual. A year ago, the TPIN was made into an electronic system but it required a lot of improvements.

After the Auditor General's report, the Ministry immediately started implementing the following; i registration of new government motor vehicles in the E- ZAMTIS (RTSA Electronic Vehicle Registration System); and ii migration of the old manual GTCU Motor Vehicle System into the E- ZAMTIS (Temporal created G-ZAMTIS System for government Motor vehicles).

In view of this, Management undertook a verification exercise with the RTSA to verify the registration details of the cited 1002 vehicles. In this regard, 546 (55 per cent had been traced on the RTSA system, the E- ZAMTIS).

Further, Management subjected the remaining untraced vehicles to the GTCU database (GZAMTIS) and managed to trace the registration details of 226 (22.5 per cent) vehicles. This notwithstanding, despite the tracing of registration of the vehicles, the physical verification of the existence of the motor vehicles was yet to be undertaken in conjunction with the Office of the Auditor General.

The Controlling Officer further submitted that the affected ministries were also tasked to trace the missing vehicles. In this regard, the ministries submissions were subjected to the data captured by RTSA data base and Controller of Government Transport. This resulted into the identification of 107 vehicles which were neither on E-ZAMTIS nor the G-ZAMTIS. This brought the total number of traced Motor Vehicles to 879 (88 per cent leaving the balance of 123 (12 per cent vehicles yet to be traced distributed by Ministry as per table 52 below.

Further the Ministry subjected the submission from other Ministries to see if they were either captured by Road Transport and Safety Agency data base and Controller of Government Transport data base. The finding indicated that some motor vehicles were not on either of them. These had been captured and included on the traced motor vehicles. This brought the total number of vehicles whose registration had been traced to 924 (92 per cent leaving a balance of 78 (8 per cent vehicles yet to be traced.

With regards to the confirmation of the physical location of the motor vehicles, the Controlling officer submitted that the Ministries had so far acknowledged the locations of 560 (vehicles as per table below.

The Controlling Officer informed the Committee that ZRA had come up with various initiatives aimed at enhancing controls for transactions processed through the customs system, particularly those that were under statutory exemptions in order to curb the abuse of government ministries TPINs. According to records held by ZRA, of the cited 1002 vehicles, a total of 69 vehicles paid customs duty justifying the registration of the motor vehicles in individual owners' names.

In addition, the Treasury, through the Treasury and Financial Management Circular Number 19 of 2023, had directed that from 1st January 2024, Ministries, Provinces and other Spending, Agencies would now be required to pay taxes due on the motor vehicles, whether or not they were bought locally or from outside the country and would not be eligible for tax exemptions. This measure would ensure that there was no room for abuse of the tax exemptions facility.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that a verification exercise is immediately conducted by the Office of the Auditor General on the 924 vehicles alleged to have been traced by the Ministry of Transport and Logistics. Further, the Committee urges the Controlling Officer to ensure that the matter concerning the 123 vehicles reported not to have been traced is immediately referred to the relevant investigative wings in order to help establish what exactly transpired and their physical whereabouts. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

(c) Motor Vehicles on RTSA Database But Not Recorded on the Ministries, Provinces and Agencies' Fleet Registers 290

Table 35: Motor Vehicles not on MPAs Registers

S/No	Name of Ministry	No. of Vehicles	Value for Duty Purpose	K
1	Ministry of Local Government	68	18,877,512	
2	Ministry of Water Development	27	10,015,355	
3	Ministry of Transport and Logistics	07	4,566,231	
4	Ministry of Health	06	4,073,698	
5	Ministry of Energy	14	3,324,168	
6	Ministry of Commerce, Trade and Industry	44	11,827,862	
7	Ministry of General Education	124	35,770,336	
	Total	290	88,455,162	

The Controlling Officer submitted that after several efforts to have Ministries, Provinces, and Spending Agencies (MPSAs) account for the cited vehicles, only fifteen vehicles had been

accounted for. These included seven from Ministry of Transport and Logistics and eight from Ministry of Commerce, Trade and Industry. Due to the prolonged failure by MPSAs to account for the motor vehicles and the potential loss to the Government, Management had engaged the Zambia Police Service to institute investigations on the whereabouts of the 274 unaccounted for motor vehicles.

Committee’s Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that a verification exercise is urgently conducted by the Office of the Auditor General on the fifteen vehicles alleged to have been traced. The Committee further urges the Controlling Officer to urgently furnish the Office of the Auditor General with the status on the matter concerning the 274 unaccounted for vehicles which matter is currently before the Zambia Police Service. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

(d) Eight Government Motor Vehicles Registered in Private Individual Names – Ministry of Education at the Cost of K1,838,492

The Controlling Officer submitted that the Ministry of Education did not give a response on this audit observation. As such due to the potential loss to the Government, Management had engaged the Zambia Police Service to institute investigations on how the vehicles procured by the Ministry of General Education were registered in private number plates and were owned by private individuals.

Committee’s Observations and Recommendations.

The Committee notes that this matter is already in the hands of the Zambia Police Service. In this regard, the Committee will await a progress report on the matter. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification.

(e) Five (5) Unaccounted for project vehicles that were handed over to the Ministry of Water Development and Sanitation

The Controlling Officer submitted that the Ministry of Water Development and Sanitation donated the five vehicles to various water companies under the Ministry, in line with the project they were initially bought for. The vehicles were distributed and can be physically verified at the respective stations as shown in table 36.

Table 36

Reg. No	Make Type	Location
BAD 9179	Ford Forest	Lukanga Water - Kabwe
BAE 1789	Ford Ranger T6	Chambeshi Water – Northern Province

BAE 5758	Toyota Hilux	Chambeshi Water Northern Province	–
BAE 5754	Toyota Hilux	Chambeshi Water Northern Province	–
BAE 5755	Toyota Hilux	Chambeshi Water Northern Province	–

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that a verification exercise is urgently conducted by the Office of the Auditor General on the five vehicles alleged to have been traced as they were donated to various water companies under the Ministry of Water Development and Sanitation. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and will await a progress report on the matter.

(f) Two (2) Missing GRZ Motor Vehicles Collected by CGT from Ministry of Local Government and Rural Development (MLGRD)

The Controlling Officer submitted that the Government did not hold a pool of vehicles that were ready to beef up any activity that had transport needs. Hence the GTCU collected available vehicles from MPSAs for emergencies, such as the COVID 19 pandemic. Further, the two motor vehicles cited by the auditors had been traced and handed back to the Ministry of Local Government and Rural Development and were available for physical verification by the Office of the Auditor General.

Committee’s Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that the information alleging that the two vehicles in question have been traced is immediately verified by the Office of the Auditor General. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General and resolves to await a progress report on the matter.

(g) Eighteen (18) Unaccounted for Old Motor Vehicles

In response, the Controlling Officer submitted that the said motor vehicles were fourteen under the Ministry of Transport and Logistics and four under the Ministry of Education. The old vehicles were available at the Government Stores yard. This notwithstanding, the Ministry had since instituted disciplinary action against the officers for failing to account for the motor vehicles and the process was ongoing.

As regards the vehicles under the Ministry of Education, no response had since been received and as such, Management would continue to engage the Ministry to account for the vehicles or institute disciplinary action against the responsible officers.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that a verification exercise is immediately conducted by the Office of the Auditor General on the fourteen vehicles under the Ministry of Transport and Logistics alleged to have been traced. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification with regards to the fourteen motor vehicles. The Committee also urges the Controlling Officer to ensure that the four vehicles cited under the Ministry of Education are accounted for without further delay, otherwise engage the law enforcement agencies. The Committee will await a progress report on the matter.

(h) Unaccounted for GRZ motor vehicles at Six Provincial Administrations.

Unaccounted for GRZ Motor Vehicles at Six Provincial Administration Offices

The Controlling Officer submitted that the Ministry wrote to all the respective Provincial Administrations affected but no response had since been received to date. In this regard, Management would seek the intervention of the Secretary to Cabinet, as Head of the civil service to have the six cited Provinces to account for the vehicles or take disciplinary action against the responsible officers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately ensure that the matter is referred to the relevant investigative wings in order to establish what exactly transpired and the whereabouts of the unaccounted for GRZ vehicles and avail all supporting documents to the Office of the Auditor General for audit verification. The Committee awaits a progress report on the matter.

(i) Cannibalised Government Motor Vehicles

Table 37: Cannibalised Government Motor Vehicles

Ministry	No. of Vehicles
Ministry of Works and Supply	46
Ministry of Youth and Sport	7
Ministry of Health	1
Total	54

The Controlling Officer submitted that the state of eight vehicles, out of the cited fifty-four vehicles, had been explained and verified by the Auditor General. These included seven Higer buses from the Ministry of Youth and Sport and one motor vehicle from the Ministry of Health.

As regards the balance of forty-six motor vehicles under the Ministry of Transport and Logistics, disciplinary action had been instituted against the responsible officer who received the vehicles from State House. However, in order to collaborate the state in which the vehicles were received, the Ministry had written to State House requesting for a report on the state of the vehicles at the time of the handover.

Management remained resolved to expedite actions on audit observations where third party's assistance had been requested to ensure logical conclusion of the cited issues.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that the matter is immediately reported to the relevant investigative wings in order to establish what exactly transpired and avail all supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

MINISTRY OF WATER DEVELOPMENT AND SANITATION

PARAGRAPH 24

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a provision of K2,211,693,903 was made to cater for the operations of the Ministry against which amounts totalling K1,177,114,969 were released, resulting in under funding of K1,121,209,049, as table 66 below illustrates.

As at 31st December 2022, only amounts totalling ZMW1, 165,067,667 had been spent.

The Controlling Officer submitted that the underfunding was as a result of the partial release of funds by the Treasury and Cooperating Partners during the year under review. Among the major projects funded by Cooperating Partners was the Transforming Rural Livelihoods in Western Zambia (TRLWZ), which was funded by the African Development Bank (AfDB) and the OPEC Fund for International Development (OFID), with a funding ratio of 29 percent and 71 percent, respectively. However, OFID had suspended disbursements to the project during the period under review due to non-servicing of the debt by the Treasury. This affected the performance of the contractors as some of the works stalled resulting in the non-issuance of Interim Payment Certificates (IPCs) to facilitate for Direct Funding and Expenditure. The release of funds from Cooperating Partners was IPC driven and since works stalled and no IPCs were being issued by contractors, no further disbursements were made to the project.

The Ministry engaged the Treasury for settlement of arrears on debt servicing. The letter to Secretary to the Treasury; response from Permanent Secretary – BEA, and letter to Secretary to the Treasury for request for release of funds were available for verification.

OFID had since resumed disbursement to the project and the Ministry had been engaging the Treasury for release of funds. The letter to Secretary to the Treasury for request for release of funds and proof of resumption of disbursement, were available for verification.

Committee's Observations and Recommendations

The Committee notes that the issue of underfunding affects planned activities negatively in that a number of them cannot be completed as scheduled. The Committee urges the Secretary to the Treasury to take the matter of underfunding of the Ministry of Water Development and Sanitation seriously. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification, and will await a progress report on the matter.

b. Contract Management

i. Questionable Award of Contract- K17,588,590

The Controlling Officer submitted that the contracts with DDYPE for Eastern and Copperbelt Provinces were signed when the Department of Water Supply and Sanitation was under the Ministry of Local Government and Rural Development.

The performance of the contractor was adversely affected between 2015 and 2019, due to erratic funding on the projects. During this period, there were limited funds available for implementation of projects and a directive was issued by Cabinet Office in 2018, to restrict funding to projects that were at least 80 per cent complete. Cabinet Circular No. 15 of 2018, was available for verification.

As a result, the contract with DDYPE stalled as it was below 80 per cent completion until its expiry in 2019.

When funding resumed, the Ministry noted the lack of performance and expiry of the contract, which was largely due to the non-funding, a matter which was outside the control of the contractor. The Committee was further informed that the newly awarded contract for 192 boreholes was part of the 364 boreholes on the contract that had expired in 2019. The reason for direct bidding the same contractor was as stated hereunder.

- i The expiry of the contract was due non-release of funds as directed by Cabinet Circular No. 15 of 2018 and the Ministry felt that it contributed to the non-performance by the stoppage of funding to the project, therefore compensated by direct bidding the same contractor in order to avoid any possible litigation from the contractor.
- ii Even though the contract had expired, the contractor had not yet demobilized from site and therefore, the cost of engaging the same contractor outweighed the cost of engaging a new contractor.
- iii Engaging the same contractor also helped to save on time, which could have been lost through the lengthy procurement process.

Going forward, the Ministry had lodged in a request with the insurance company to encash the performance and advance guarantees.

The contractor had shared a recovery plan and revised work schedules which were being closely monitored by the Ministry. Any failure by the contractor to meet his targets would lead to invoking the clause on application of liquidated damages. The recovery plan and revised work schedule were available for verification.

The contractor had drilled and cased fifty-two boreholes (Eastern - 41 and Copper belt - 11) out of 192, as of October, 2023. The project progress report was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to fully comply with the law on direct bidding, going forward. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

ii. Construction of 120 Boreholes Equipped with Hand Pumps - Western Province - K11,136,000

The Controlling Officer submitted that the contracts with KAMPE Investment Ltd for Western Province, were signed when the Department of Water Supply and Sanitation was under the Ministry of Local Government and Rural Development.

The performance of the contractor was adversely affected between 2015 and 2019, by erratic funding on the project. During this period, there were limited funds available for implementation of projects and a directive to suspend funding to all projects in the country which were below 80 percent completion was issued.

As a result, the contract stalled as it was below 80 percent completion until its expiry in 2019. When funding resumed the Ministry noted that the lack of performance and expiry of the contract was largely due to the non-funding. The Committee was informed that the newly awarded contract for 120 boreholes, was part of 200 boreholes on the expired contract which remained undrilled. The reasons for direct bidding the same contractor was as stated hereunder.

i The expiry of the contract was due to non-release of funds as directed by Cabinet Circular No. 15 of 2018 and the Ministry felt that it had contributed to the non-performance by the stoppage of funding to the project. Therefore, there was need for compensation by direct bidding the same contractor in order to avoid any possible litigation from the contractor. ii Even though the contract had expired, the contractor had not yet demobilised from site and therefore, the cost of engaging the same contractor outweighed the cost of engaging a new one.

iii Engaging the same contractor also helped to save on time, which could have been lost through the lengthy procurement process.

The Ministry, through the Project Manager, had written to the contractor expressing displeasure for his poor performance.

The contractor had provided a work schedule and recovery plan which was being followed by the Ministry to monitor his performance and failure to meet his target as highlighted in the recovery plan, would lead to application of the clause for liquidated damages and encashment of the performance bond and advance guarantee.

The Controlling Officer submitted that six out of 120 targeted boreholes had been drilled and equipped. Out of the six drilled and equipped boreholes, five had since been handed over to the beneficiary communities in Nalolo.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer, to fully comply with the law on direct bidding, henceforth. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

iii Questionable Award of Borehole Drilling Contracts - Lack of Adequate Equipment

The Controlling Officer submitted that the situation arose because the three tenders in question, namely; tender for 972 boreholes; tender for 192 boreholes; and tender for eighty piped water schemes, were all advertised and evaluated independent of each other. As such, contractors were free to use the same equipment in the tendering process for these independent tenders as no clause to restrict the contractors was put in any of the solicitation documents.

The company DDYPE, therefore, participated in all the three independent tenders using the same three rigs they owned.

It was also a requirement that contractors qualified to be awarded a maximum of three lots in each tender hence the requirement for the contractors to provide three rigs either owned or hired at technical evaluation stage per lot.

The challenge, however, was noted at implementation stage when it was discovered that DDYPE, who won six lots in the three independently advertised tenders translating into six contracts, was using the same rigs across all contracts, hence delaying in execution of works.

The Controlling Officer had directed that post monitoring of all contracts being implemented be strengthened to ensure that equipment and personnel deployed on projects were adequate for each contract and in line with the requirements in the contract document.

The Ministry had written to Goldman Insurance instructing them to encash the performance guarantees and advance guarantees of the contractor.

The Ministry had written to DDYPE requesting them to increase the number of equipment in all the sites and execute all the works.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately ensure that the Zambia Public Procurement Authority takes keen interest in this matter and scrutinises the conduct of the parties to the contract. The Committee resolves to await a progress report on the matter.

MINISTRY OF YOUTH, SPORT AND ARTS

PARAGRAPH 25

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K164,642,178, was made to cater for various activities, out of which amounts totalling K164,340,008 were released, resulting in an underfunding of K302,170.

As at 31st December 2022, amounts totalling K164,037,491 had been spent.

The Controlling Officer submitted that the unspent funds were meant for the rehabilitation of the National Heroes and Levy Mwanawasa stadiums. Unfortunately, the funds were not released by the Treasury as at 31st December 2022. In view of this, the Ministry wrote to the Secretary to the Treasury to request for the full release of funds to avoid queries of this nature recurring.

Committee's Observations and Recommendations

The Committee notes that the issue of underfunding negatively affects the implementation of planned activities. The Committee, therefore, urges the Secretary to the Treasury to ensure that in future, the Ministry is funded in full as per the allocation in the Estimates of Revenue and Expenditure and ensure timely release of the funds.

b. Support to Micro, Small and Medium Youth Enterprises

i. Failure to Recover Loans - K26,581,748

The Controlling Officer submitted that the Ministry engaged the loan beneficiaries on loan servicing. In 2021, eighty-five beneficiaries serviced their loans and further, in 2022 the number of beneficiaries servicing their loans increased to 125.

However, due to the low number of beneficiaries servicing these loans and the time that had passed after the loan completion period, the Ministry engaged the services of debt collector (Bailiff) to help collect all that was owed to the Ministry by the beneficiaries of the Youth Empowerment Scheme. The terms of reference of debt collection were contained in the Memorandum of Understanding (MoU) that was submitted to the Attorney General for clearance. Once the MoU was approved, the bailiff would ensure that all these loans were repaid.

The Ministry added that the Office of the Attorney General had since guided that all debt owed to Ministries, Provinces, and Statutory Bodies was to be collected by the Office of the Attorney General.

In view of this guidance, the Ministry submitted to the Office of the Attorney General (Department of Civil Litigation and Debt Collection) all the outstanding loans.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

ii. Non-Recovery of Loan Amounts - Kasama Institute of Health Sciences - K1,393,556

The Controlling Officer submitted that the Ministry travelled to Kasama Institute of Health Sciences to repossess the assets that the Institution procured and built using the loan obtained from the Ministry. This was also contained in a minute issued by the Provincial Permanent Secretary. The assets included:

- i. the land;
- ii. the building sitting on this land; and iii. office machines and equipment.

However, the Board of Kasama Institute of Health Sciences pleaded with the Ministry not to take this route because this would negatively affect the Institute and the Community if the order was executed.

The Ministry agreed with the Institution as follows:

- i. the Ministry agreed to the request to restructure the loan terms;
- ii. the Ministry agreed to the revised monthly repayments of the loan from K61,111 to K11,000 (Principal and Ten percent simple interest); and iii. the parties agreed that servicing of the loan start in the month of November 2023.

The letter of repossession and other correspondences were available for repossession.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail the supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

c. Unrecovered Loans - K1,107,267 (Principal and Interest)

The Controlling Officer submitted that the Ministry had commenced the repossession of assets and other things where the funds of the loan were applied. Of the five defaulting youth cooperative groups, one youth cooperative group had committed itself to servicing the loan as per attached commitment letter. The remaining four youth cooperative groups had since been reported to Police.

The Ministry wished to further state that the Office of the Attorney General had since guided that all debt owed to Ministries; Provinces; and statutory bodies would be collected by the Office of the Attorney General.

In view of this guidance, the Ministry had submitted to the Office of the Attorney General (Department of Civil Litigation and Debt Collection) all the outstanding loans.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

MINISTRY OF EDUCATION

PARAGRAPH 26

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a provision of K14,590,230,627, was made to cater for operations of the Ministry, against which amounts totalling K13,916,054,211 were released resulting in underfunding of K674,176,416.

As at 31st December 2022, amounts totalling K13,796,965,126 had been spent leaving a balance of K119,089,085. The balance of K119,089,085 was carried forward to the 2023 financial year, after obtaining Treasury authority.

The Controlling Officer submitted that the balance of K119,089,085 carried forward to 2023, was for Sanitary towels (K29,822,170); Early Childhood Education (K69,500,000); and University Education (K17,000,000) while K2, 750,000 was for Zambia Commission for UNESCO. The status was that K29,822,085 had been spent in full to pay suppliers who delivered sanitary towels to schools; K24,801,963 for the construction of twenty early Childhood Education (ECE) hubs had been used to pay contractors and payments would continue as contractors were on site. Zambia National Commission for UNESCO had used the funds to pay annual contributions to UNESCO Headquarters in Paris, while under University education K17,000,000, had been spent to pay the contractor for Chalimbana University. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report.

b. Schools Operating without Accounting Officers – 3,067 Schools

The Controlling Officer submitted that schools had operated without Accounting Officers due to limited or lack of funding to open up vacancies and enable the Ministry to recruit accounting officers through the Office of the Accountant General.

The Controlling Officer further submitted that with the recruitment being centrally planned and budgeted for by the MoFNP, the policy pronouncements had always been for teacher recruitment at the expense of other cadres in the Ministry.

The Ministry was allocated 1,200 positions to recruit support staff including accounting officers by the Ministry of Finance and National Planning. The postings of the recruited staff would target some of the cited schools during the 2024 recruitment exercise.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that accounting officers are urgently recruited in schools. Further, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report.

c. Contract Management

i. Supply of Textbooks and Teachers Guide

The Controlling Officer submitted that the books had since been delivered to the schools in five provinces, namely; Southern; Eastern; Western; Copperbelt; and Northern. The distribution of the books in Muchinga; Lusaka; Luapula; North Western; and Central provinces would complete distribution of books by 30th November, 2023.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against all the officers that failed to maintain receipt and disposal details for 5,908 textbooks. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report.

ii. Supply and Delivery of Educational Materials - 9,552 Sign Language Charts and 3,821 Teachers' Guides and Textbooks for Learners with Hearing Impairment at Grades 1 to 3 Levels at a Contract Sum of K8,364,000

The Controlling Officer submitted that the contract manager had been reprimanded for failure to supervise the smooth implementation and enforce Clause 6 of the contract on liquidated damages. The supplier was on course in printing the materials (Teachers guides and Flip charts) and would make the final delivery before 30th November, 2023.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report.

d. Administrative Matters

i. Failure to Settle Outstanding Bills - K1,202,765,973

The Controlling Officer submitted that the Ministry received funding for contractors from the Treasury in order to pay outstanding bills. The balance outstanding for contractors was because of failure to provide the Interim Payment Certificates (IPCs) for the Ministry to pay. Further, the Ministry had written to the Treasury requesting for funding to dismantle the remaining balance on suppliers of goods and services, as well as other personal emoluments. Of the total amount of

K1,202,765,973 outstanding, K350,056,718.46 had been funded leaving an outstanding balance of K852,709,254.54.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that the Outstanding Bills by the Ministry of Education are settled and urges the Controlling Officer to avail all supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

ii. Lack of an Updated Fixed Asset Register - K32,834,711

The Controlling Officer submitted that at the time of audit, the asset register was updated but did not have asset codes. The register relating to K32,834,711 for the office and ICT equipment bought during the period under review, had since been completed and updated.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

iii. Infrastructure Development - Rehabilitation of Blown off Roofs-Missing Receipt and Disposal Details-K1,007,137

The Controlling Officer submitted that at the time of audit, Mpashya had improvised the Goods Issued Vouchers (GIV) by using hard cover books for goods worth K548,323 because they had run out of the GIV. The school had since updated the GIV and it was available for audit verification.

Regarding Nachipoma, Mukuyu, and Chisonje Primary Schools in Southern Province, the Schools used the Goods Received Voucher (GRV) instead of the GIV to account for goods worth K79,708, K81,839 and K118,850 respectively. The schools had since updated the GIV and it was available for audit verification.

Further, Chiwizi and Chimanyama Schools used Stores Issued Voucher instead of GIV to account for goods worth K128,245 and K50,180 respectively. The schools had since updated the GIV and it was available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that stores regulations, as provided by law, are complied with without fail. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

e. Questionable Re -Valuation of Benefits – Expatriate Retiree (from K77,929 to K986,733 resulting in additional payments of K908,803.

The Controlling Officer submitted that the payment was based on the re-calculated current index values by the Zambia Statistics Agency (ZSA), as observed by the auditors. The Ministry made this request to ZSA because it believed that it was the right institution with the mandate to provide current index values. Therefore, the Ministry acknowledged that it might have made a mistake in

forwarding this request to ZSA instead of PSMD to interpret the claim that the retired teacher submitted. The delay to pay the gratuity was due to inadequate funding.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately refer this matter to the OAG for a legal opinion and resolves to await a progress report on the matter.

MINISTRY OF EDUCATION

PARAGRAPH 27

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a provision of K25,686,090 was made to cater for operations at the ten Provincial Education Offices and District Education Offices, against which amounts totalling K24,497,048, were released, resulting in an underfunding of K1,189,042.

As at 31st December 2022, amounts totalling K24,497,048 had been spent.

The Controlling Officer submitted that the underfunding was for RDCS and grants and the matter was brought to the attention of the Treasury. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and will await a progress report on the matter.

b. Management of Assets

i. Failure to Secure Title Deeds

The Controlling Officer submitted that the issue of title deeds was a legacy matter, which had not been attended to for a long time, resulting in encroachments. However, the Ministry had made strides in acquiring title deeds by engaging traditional leaders in the case of customary land, facilitating surveying and mapping of the land and the respective councils, as well as Ministry of Lands and Natural Resources had since been engaged to resolve the matter. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the process of securing all title deeds for public properties under the Ministry's charge. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

ii. Failure to Recover Funds (Cost of Repairing Nissan Truck Registration No. GRZ 259 CK)
- Mpika District Education Office – Muchinga Province

The Controlling Officer submitted that the vehicle was not insured due to inadequate funding and it was the only utility vehicle for the District. The Driver was charged and recoveries had since been effected on the payroll. However, the Provincial Education Officer had been guided to ensure that the disciplinary process was conclusive and did not end at only charging the Officer. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against the officers that neglected to insure the Government vehicle in question, as well as the supervisors for the driver who permitted him to drive. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG within a month for audit verification, and resolves to await a progress report on the matter.

iii. Failure to Dispose off Unserviceable Motor Vehicles

The Controlling Officer submitted that the districts delayed the disposal of the vehicles in the hope of having them serviced but due to lack of funds, they became obsolete in the process. The Ministry had since convened a Committee of Survey to examine the cited vehicles before the recommendation to the Secretary to the Treasury was made for authority to dispose of the assets in accordance with section 43 of the Public Finance Management Act, 2018. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should comply with the law and ensure that the unserviceable vehicles are disposed of without delay. The Committee further recommends that the Controlling Officer avails all supporting documents to the OAG for audit verification and resolves to await a progress report on the whole matter.

c. Weaknesses in the Management of Payroll

i. Positions on Payroll Not Prescribed on Establishment Register - K974,894 The Controlling Officer submitted as stated hereunder

- Southern Province

The Committee was informed that this happened when the officer was transferred on the Southern Province Payroll from Zambia Police, where the officer used to work before being employed by the Teaching Service Commission. The matter had since been resolved and the officer had been placed on the salary scale prescribed in the Establishment Register.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against all the officers that neglected to perform their functions to prevent loss. The Committee further

urges the Controlling Officer to avail all supporting documents to the OAG within a month for audit verification and resolves to await a progress report on the matter.

- Lusaka Province

The positions and salary grades attached to the cited officers existed in the Ministry of Home Affairs and Internal Security, Ministry of Health, and MoFNP -Separatees payroll.

The officers cited with salary grades PSS07, G21, I 21, and J 21, were under the Ministry of Home Affairs and Internal Security; and Ministry of Health but erroneously appeared under the Ministry of Education payroll due to pay roll area code error on the payroll system.

The salary grades, SPG, SPH, SPI, and SPJ, were for officers under the Separatees payroll. Of the five cited officers, three were separated officers but maintained the payroll area code for the Ministry of Education instead of the MoFNP - separatees payroll. The remaining two officers were erroneously migrated to the separatees payroll. However, at the time of being integrated back on the main payroll, the salary grades were not adjusted accordingly.

The Director PMEC was informed, accordingly and the salary scales and the payroll area codes had since been normalised. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against all the officers that neglected to perform their duties to prevent loss. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on these matters.

ii. Irregular Introductions on Payroll - K452,553 The Controlling Officer submitted as stated hereunder.

- Western Province

The eleven officers cited, were placed on the payroll with authority from the relevant Service Commissions and the Permanent Secretary in the case of the officers in division III. However, one officer was placed on the payroll without authority from either the Commission or the Permanent Secretary and the officer responsible was suspended and was appearing in the Courts of Law.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

- Muchinga Province

The appointment documents had been attached for the three officers, one officer was under Mpika District and the other two officers were under Chinsali District respectively. The Director PMEC

had been engaged for locking of salaries for the remaining four officers to establish their whereabouts.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

- Central Province

The District Education Board Secretaries in question, were sternly reprimanded and appointment letters, including arrival advice (Accounts Form81), had since been retrieved. However, the Provincial Education Officer had been guided to ensure that the disciplinary process was conclusive and did not end at only charging the officer.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to urgently build capacity in the officers responsible for filling of documents and the implications thereto. The Committee directs the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

- iii. Unsupported Termination from the Payroll - K275,696

The Controlling Officer submitted that the District Education Board Secretaries in question, were sternly reprimanded and death certificates, dismissal, resignation, and secondment letters had since been retrieved.

Committee's Observations and Recommendations

The Committee directs the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

- iv. Unsupported Changes of Pay Points – Muchinga Province - K24,895,819

The Controlling Officer submitted that out of 249 officers cited from two districts, 195 officers were still occupying the same pay points. However, fifty-four officers had their pay points changed due to promotions and transfers. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should avail supporting documentation to the OAG for audit verification, subject to which the matter should be closed.

- v. Teachers Not Meeting the Eligibility Criteria – Chinsali District Education Officer The Controlling Officer submitted that the Teaching Service Commission constituted a team to travel to Chinsali District to investigate the matter. Thereafter, the team submitted a report which highlighted their findings.

On the basis of the report and other information at hand, the following were done:

- (a) The functions of the Chinsali Human Resources Management Committee were withdrawn, in line with section 10 (No. 1) of the Service Commissions Act, which provided for imposition of appropriate sanctions, including withdraw of delegated Human Resource functions on erring Government institutions within the Teaching Service. Documentation was available for verification.
- (b) disciplinary action was instituted on some erring officers. Documentation was available for verification.
- (c) Chinsali Human Resource Management Committee was dissolved. Documentation was available for verification.
- (d) the Members of the Committee were informed that if Government incurred costs resulting from their action, they would be surcharged in accordance with the Public Finance Management Act, 2018 and
- (e) the Teaching Service Commission terminated employment of the nine officers who were erroneously employed. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should report the matter of the nine teachers who got Certificates of Teacher Registration from the Teaching Council of Zambia without having full grade 12 certificates to relevant investigative wings. The Committee further recommends that disciplinary action be instituted against all officers involved. Furthermore, the Committee directs the Controlling Officer to avail relevant documentation to the OAG for audit verification and resolves to await a progress report.

vi. Irregular Payment of Allowances

- Housing Allowance - K601,033

The Controlling Officer submitted that recoveries were effected on twenty-nine officers for both districts cited, while seventeen officers under Nalolo District were eligible to receive the allowance. This was because they were accommodated in pole and mud structures, which did not qualify as a Government standard house as confirmed by their supervisors. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action be instituted against the officers who were involved in the authorisation of irregular payment of allowances. The Committee further directs the Controlling Officer to avail relevant documentation to the OAG for audit verification, and resolves to await a progress report.

- Rural and Remote Hardship Allowances - K9,413,998

The Controlling Officer submitted as stated hereunder.

Copperbelt Province

The recoveries were effected on all the 421 officers.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action be instituted against the officers who were involved in the authorisation of irregular payment of allowances. The Committee further directs the Controlling Officer to avail relevant documentation to the OAG for audit verification, and resolves to await a progress report.

Muchinga Province

The recoveries had been effected on 208 officers, while recoveries for the eighty-nine officers could not be effected because they were falling below the 40 percent threshold.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that recoveries are effected on the eightynine officers falling below the 40 per cent threshold without fail. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report.

Central Province

The recoveries had been effected on 346 officers for Chibombo District and sixteen officers for Kapiri District. The actual number for officers irregularly paid rural hardship for Kabwe was thirty-four officers, instead of 279, as indicated in the report due to duplication. Recoveries had been effected from the Officers cited.

The Committee was informed that seventy-three officers were eligible for rural hardship allowance as confirmed by their supervisors. However, the Ministry could not effect recoveries for one officer because she was irregularly hired on payroll and the officer responsible was suspended and the matter was before the Courts of Law.

Committee's Observations and Recommendations

The Committee directs the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

Lusaka Province

The recoveries could not be effected on the twenty officers cited because their salaries were below the 40 percent threshold at the time of audit. However, recoveries had since been effected on all the officers cited. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action be instituted against the officers who were involved in the authorisation of irregular payment of allowances. Futhermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report.

□ Irregular Payment of Remote Hardship Allowance and Arrears - K4,627,066 The Controlling Officer submitted as stated hereunder.

Copperbelt Province

The 137 officers that were not eligible were transferred from one institution to another. However, recoveries had been effected on all the 137 officers who were cited.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action be instituted against the officers who authorised the irregular payment of allowances. The Committee also urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report.

Central Province

The recoveries were effected on 161 officers who were not eligible to receive the remote hardship allowance while ninety-eight officers were eligible to receive the remote hardship allowance as confirmed by their supervisor, and fifteen officers were no longer on payroll.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should implement internal control measures aimed at preventing loss of public funds. The Committee further recommends that disciplinary action be instituted against the officers who authorised the irregular payment of allowances. Furthermore, the Committee urges the Controlling Officer to avail relevant documentation to the OAG for audit verification and resolves to await a progress report.

Muchinga Province

The recoveries were effected on all the sixteen officers cited.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action be instituted against the officers who authorised the irregular payment of allowances. The Committee also urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report.

- Employees Paid Remote Hardship Instead of Rural Hardship Allowance-K143,372

The Controlling Officer submitted that recoveries had been effected on all the thirty-nine officers cited for receiving remote hardship allowance instead of rural hardship allowance.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against the officers who omitted to carry out their functions which led to loss of public funds. Furthermore, the Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report.

- Double Class Allowance - K223,163

The Controlling Officer submitted as stated hereunder

Muchinga Province

The recoveries had not been effected on the eight officers because their salaries were below the 40 per cent threshold. The Ministry would effect recoveries when their threshold improved in January, 2024 due to improved Conditions of Service.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the irregularly paid double class allowances are recovered without fail and avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

Central Province

The recoveries were effected on all the officers cited under Central Province for irregular payment of double class allowance.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action should be instituted against the officers who authorised the irregular payment of allowances and urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report.

- Responsibility Allowance - K88,813

The Controlling Officer submitted as stated hereunder.

Committee's Observations and Recommendations

Muchinga Province

The recoveries had been effected on the cited officer.

The Committee recommends that disciplinary action should be instituted against the officers who authorised the irregular payment of allowances and urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report.

Central Province

The recoveries were effected on seventy-four officers who were not eligible to get responsibility allowance.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action should be instituted against the officers who authorised the irregular payment of allowances and urges the Controlling Officer to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report.

vii. Management and Administration of Salary Payments

- Officers Irregularly Sharing Bank Account Numbers - K352,570 The Controlling Officer submitted as stated hereunder.

Muchinga Province

The supporting documents could not be availed to the auditors as the district cited, was investigating the matter with the bank. The two officers were not sharing bank accounts as confirmed by the bank.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification and resolves to await a progress report.

Central Province

The two officers under Kabwe District Education Office (DEO) were a couple with joint accounts and marriage certificates had since been presented.

Further, the Committee was informed that five officers under Serenje, provided wrong bank details at the time of hiring during the 2022 teacher recruitment, resulting into the system capturing them as having the same bank account details as well as the End – Users in the Districts capturing wrong bank account details on the template that was used to hire the 2022 teachers on the payroll. The

Committee's Observations and Recommendations

placement of the 30,496 teachers was done centrally using the template that was devised by PSMD which the districts used to capture the information for the new teachers. The matter had since been normalised.

Further, the Committee was informed that one officer was erroneously placed on the payroll twice due to duplicated NRC on the data capturing template that was used to hire the 2022 teacher on payroll. However, recoveries for a period of ten months had since been effected since October, 2023 and the duplicated record had since been delimited.

The Committee directs the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification and resolves to await a progress report.

Lusaka Province

The Committee was informed that the bank accounts cited belonged to schools managed by religious organisations and married couples.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification and resolves to await a progress report.

- **Unsupported Bank Account Number Changes**

The Controlling Officer submitted as follows:

Western Province

The change of bank account details was as a result of a request from respective officers to change the bank accounts while others were newly recruited teachers under the 2022 teacher recruitment, whose bank accounts details had errors.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

Muchinga Province

The thirty-seven officers cited under Mpika District, were teachers who were recruited in 2022 under the 30,496-teacher recruitment. The Officers submitted wrong bank details at the time they were being hired on the payroll and when they realised that they did not get paid, they provided the correct bank details which resulted in the changes in the bank account details. Further, as regards the eleven officers under Chinsali District, nine officers requested for change of their bank account details due to reasons among others; merging of banks; the need to get loans from other banks; while one officer did not change the bank account details and the other officer submitted wrong bank account number at the time of being hired.

Committee's Observations and Recommendations

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail relevant documentation to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

- Irregular Voiding of Bank Accounts for Officers due for Termination – Muchinga Province

The Controlling Officer submitted as follows:

Muchinga Province

The officer's account was voided in order to establish his whereabouts and also to prevent loss of government funds as the officer deserted. However, the disciplinary case was commenced by the District and was forwarded to the Province for further determination of the matter.

The Committee urges the Controlling Officer to avail relevant documentation to the OAG for audit verification. The Committee resolves to await a progress report.

Central Province

The Controlling Officer submitted that the query arose due to wrong bank details which were submitted by the new teachers. The bank details were normalised and the teachers had since been paid their salaries.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification. The Committee further urges the Controlling Officer to immediately caution the officers who neglected to provide supporting documents to the auditors. The Committee resolves to await a progress report on the matter.

Northern Province

The officer deserted and was later reported to have died by the family members although the report of his death was not done on time leading to the District voiding his bank account to avoid paying him a salary while not providing a service. The officer was terminated from payroll.

Committee's Observations and Recommendations

The Committee directs the Controlling Officer to avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report.

Lusaka Province

Management submitted that among the sixteen cited teachers, two were recruited with wrong account details and were still serving, while four teachers were deceased and efforts to contact the administrators for death records proved futile hence, the accounts were voided to force the administrator to provide the records. Further, three teachers were recommended for dismissal and were not rendering any service; and the remaining seven officers retired from the public service and their accounts were voided in order to reduce the amounts to be recovered from their terminal

Committee's Observations and Recommendations

benefits because of the delay by PMEC, who were responsible for migration of separated employees to the separate's payroll. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute punitive measures against the officers who failed to provide supporting documents to the auditors at the time of audit. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

- Employees with Questionable Salary Scale Notches

The Controlling Officer submitted that the salary notches for the two officers cited under Mpika District, were reverted to their correct notches and recoveries had since been effected on the payroll.

The Committee was further informed that the actual number of officers cited under Western Province was four, as the names were duplicated in the schedule from the Auditor General and

not forty-nine, as indicated in the table above. The officers were reverted to the correct salary scale notches and recoveries were effected on the cited officers.

Committee's Observations and Recommendations

The Committee directs the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report.

□ Double Salaries Due to Double Employee Numbers - Muchinga Province

The Controlling Officer submitted that the three officers were erroneously hired twice during the 2022 teacher recruitment because of double entries with wrong National Registration Card (NRC) numbers on the template that was used to capture the teachers at the time they were being hired on the payroll. The matter has been rectified and recoveries have been effected.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report.

• Duplication of Teachers on Payroll

The Controlling Officer submitted as follows:

Southern Province

The officer was erroneously hired twice during the 2022 teacher recruitment because of double entries with wrong NRC numbers and bank details on the template that was used to capture the teachers at the time they were being hired on the payroll. The matter had been rectified and the officer was getting paid using the correct bank details. Further, Payroll Support Services Department (PSSD) was requested to recall the salaries erroneously paid to the officer, which were still in her account.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to recall the salaries erroneously paid to the officer. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report.

Lusaka Province

The two officers cited in Lusaka Province were two different people with different NRC numbers, employee numbers, and different stations, despite having similar names. One officer was working as a typist under the Ministry of Fisheries and Livestock.

The other officer from Lusaka was erroneously hired twice during the 2021 teacher recruitment because of double entries with wrong NRC numbers and bank details at the time he was being hired on the payroll. The recoveries had since been effected on the payroll for the monies the officer got from the other bank account which had been delimited

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is taken against the officer for dishonesty. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report. viii.

Allowances Paid to Retirees - K1,614,130

The Controlling Officer submitted that the payment of allowances to retired officers was as a result of delays on the part of the Payroll Support Services Department to transfer the retired officers to the separatees payroll and the officers in the districts were not permitted to delimit these allowances on the payroll to avoid the retired officers from being paid as they waited to be moved to the separatees payroll. However, the officers had since been moved to the separatees payroll and the allowances paid shall be recovered from their terminal benefits.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against all the officers that neglected to perform their functions to prevent loss, and ensure that the funds are recovered without fail. The Controlling Officer is further urged to avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

x. Pensioners Still on Payroll - K392,424

The Controlling Officer submitted as stated hereunder.

Muchinga Province

It was regrettable that one retired officer under Shiwang'andu District was maintained on the payroll after retiring. The Ministry acknowledged that this was out of pure negligence on the part of officers entrusted with the responsibility of dealing with these matters. The responsible officer had been charged in accordance with the provision of the Law.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the officer is terminated from the payroll and to avail relevant documents to the OAG for audit verification. The Committee resolves to await a progress report.

Lusaka Province

Of the eight officers cited under Lusaka Province, four were serving teachers who received the pension benefits as administrators of estates of their family members, who were teachers but were captured as pensioners instead. The remaining four officers exited the system through death (one), and retirement (three officers). Further, the allowances received in excess by the officer who died or retired would be recovered through terminal benefits, as indicated in the terminal assessment forms.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against all the officers that neglected to perform their functions and to avail all supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

xi. Misplacement of Payroll Area - 20,831 Officers

The Controlling Officer submitted that the misplacement of payroll areas was caused by the transfer or attachment of teachers to new or upgraded schools that were opened without corresponding Treasury Authority to create vacancies. As a result, the teachers ended up retaining the positions at their previous stations resulting in payroll mismatch. The Ministry was making efforts to open up positions by prioritising the new and upgraded schools when Treasury Authority for recruitment of teachers was granted annually.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to continue engaging the Secretary to the Treasury to ensure that the anomaly in question is resolved. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report.

□ Officers Drawing Salaries Outside the District - 1,966 officers

The Controlling Officer submitted that the misplacement of payroll areas was caused by the transfer or attachment of teachers to new or upgraded schools that were opened without corresponding Treasury Authority to create vacancies which resulted in the teachers ending up retaining the positions at their previous stations causing payroll mismatch. The Ministry was making efforts to open up positions by prioritising the new and upgraded schools when Treasury Authority for recruitment of teachers was granted annually.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to continue engaging the Secretary to the Treasury to ensure that the anomaly in question is resolved and to avail all supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

xii. Delayed Termination of Officer from the Payroll – Luapula Province - Two Officers - (K185,584)

The Controlling Officer submitted as stated hereunder.

Mansa

It was regrettable that Mansa District delayed to terminate one officer from the payroll who had resigned. However, the officer had started paying back the money he owed Government and so far, he had paid back K45,875.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should institute disciplinary action against all the officers that neglected to perform their functions to prevent the loss of public funds, and ensure that all lost funds are recovered. The Committee also urges the Controlling Officer to

avail all supporting documents to the OAG for audit verification and resolves to await a progress report.

Kawambwa

The Controlling Officer submitted that it was regrettable that Kawambwa District delayed to terminate one officer from the payroll who was dismissed from Public Service. The officer was working in Rufusa District in Lusaka while sitting on Kawambwa payroll and the matter was discovered later. However, recoveries had been computed on the officer's leave terminal benefits amounting to K24, 904.40.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should ensure that the funds are recovered from the officer's leave terminal benefits as indicated without fail and avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

xiii. Salaries Paid to Deserter – Southern Province (Provincial Education Office) - K157,254

The Controlling Officer submitted that the Ministry regretted the delay in disposing the case for the officer in question, resulting in erroneous payment of salaries. The Ministry Headquarters received the submission for dismissal from the Province but unfortunately, the submission had missing documents, making it difficult for the Ministry to table the matter. The case was sent back to the Province to enable them provide all the needed documents before it could be tabled before the Ministerial Disciplinary Committee.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report.

xiv. Unaccounted for Officers -1,132 officers The Controlling Officer submitted as stated hereunder.

Luapula Province

Mansa District

One officer was not on Mansa District Education Board Staff Returns and the whereabouts of the officer were unknown. However, the Ministry acknowledged that staff returns may omit some officers. To determine their whereabouts, the officer's salary had been locked.

Kawambwa

Two officers were traced and were serving on the Copperbelt Province, while the Director-PSSD had been engaged to lock the salaries for the other two officers in order to determine their whereabouts.

Copperbelt Province

Out of 674 unaccounted for officers, 656 officers had since been traced and were serving in various schools, whilst eighteen officers had been recommended for locking of salaries to establish their whereabouts.

Muchinga Province

A total number of 294 officers, out of 416 unaccounted for officers had been identified, while the remaining 117 had been recommended to the Director PMEC for locking of their salaries in order to establish their whereabouts. Four officers were separated and one officer was a deserter and was no longer on the payroll.

Committee's Observations and Recommendations

Central Province

The Committee was informed that two officers had since been traced, whilst thirty-five officers had been recommended to Director P MEC to lock their salaries to establish their whereabouts.

The Committee urges the Controlling Officer to ensure that the Ministry accounted for all the officers to prevent loss of public funds through ghost workers. The Controlling Officer is also directed to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

xv. Failure to Constitute a Medical Board – Mansa District Education Office

The Controlling Officer submitted that the Ministry regretted the failure and delay in constituting a Medical Board for an officer in Mansa for a period of two to three years. However, the officer was placed on the first 90 days sick leave on full pay and another subsequent ninety days sick leave on half pay, making 180 days, in accordance with the Terms and Conditions for the Public Service. The Ministry had since written the Ministry of Health to convene a medical board to determine whether or not the officer was fit for duty or should be retired on medical grounds.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the matter of setting up a medical board is expedited and supporting documents are availed to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

xvi. Payment of Salaries to Seconded Officer – Mansa District Education Office - K89,787

The Controlling Officer submitted that the officer had started paying back the money he owed Government and so far, he had paid back K22,000, and documentation was available for verification.

Committee's Observations and Recommendations

The Committee recommends that the salaries paid to the retired Officer be recovered without fail. The Committee also urges the Controlling Officer to immediately institute disciplinary action against all the responsible officers that neglected to perform their functions to prevent the loss of public funds. The Committee further directs the Controlling Officer to avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

xvii. Misappropriation of Funds - Mansa District Education Office - K135,207

The Controlling Officer submitted that the officer was requested by the District Education Office Disciplinary Committee to refund the money and had since paid back K 6,000.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately relook at this matter and ensure that it is urgently concluded in compliance with the provisions of the law. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report.

Committee's Observations and Recommendations

xviii. Delays in Concluding Disciplinary Cases – Luapula Province

The Controlling Officer submitted that the disciplinary process commenced and one case in Mansa District had been processed and the other cases in Kawambwa District, the two officers had been recommended for dismissal.

The Committee urges the Controlling Officer to institute disciplinary action against the officers that neglected to perform their functions according to the Disciplinary Code to prevent loss. The Committee further urges the Controlling Officer to recover all the lost funds and to avail supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

xix. Failure to Effect Recoveries for Tuition (K25,000) and Salary Advances(K80,667)

Copperbelt and Western Provinces

The Controlling Officer submitted that, recoveries had since been effected on the cited officers' payroll.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against the officers that neglected to perform their functions to prevent loss. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and will await a progress report on the matter.

- d. Payments to Suppliers without Tax Clearance Certificates – Muchinga Province The Controlling Officer submitted that goods and services costing K47,465, involving twelve transactions, were procured at two stations from suppliers who had no tax clearance certificates from the ZRA. The Tax Clearance Certificates had been retrieved and were available for verification.

Committee's Observations and Recommendations

The Committee wonders what role the internal audit unit plays in the Ministry of Education, if such a thing can occur. The Committee urges the Controlling Officer to caution the officers involved and avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

- e. Management of Farm-Kitwe District Education Office

Table 38: Procured Assets

No.	Item	Quantity	Cost K
1	Tractor	1	270,003

Committee's Observations and Recommendations

2	Disc Plough	1	42,049
3	Cattle	45	145,000
4	Goats	100	26,000
5	Houses	2	18,140
6	1x 30 slabs	1	13,805
7	Disc Harrow	1	95,960
8	Boom Sprayer	1	57,428

9	Planter	1	112,020
	Total		780,406
No.	Item	Quantity	Cost
1	Chainsaw Machine	1	Unknown
2	Motor bike (Yahama)	1	Unknown
3	Sprayers	3	Unknown

i. Abandoned Farm and Equipment

The Controlling Officer submitted that the hectares the District acquired were 25 hectares and not 20 hectares, as indicated in the report. The boom sprayer and the plough, had since been taken to Kitwe College of Education for safe keeping. Further, a letter had since been written to the District Education Board Secretary (DEBS), to ensure that the farm was revived and started running in line with the earlier intended objectives.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take interest and ensure that the farm and the equipment in question are urgently secured as they were acquired using public funds. The Committee furthermore urges the OAG to conduct a verification audit, to ascertain whether or not the farm is operational. The Committee resolves to await a progress report on the matter.

ii. Failure to Account for Assets-Farming Equipment and Biological Assets

- Failure to update the Asset Register

The Controlling Officer submitted that the Asset Register had since been maintained and updated. The document was available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that internal control measures are improved in the Ministry of Education to curb further loss of public funds, and not to rely on external auditors to flag such matters. The Committee further urges the Controlling Officer to immediately institute disciplinary action against all the officers that neglected for perform their functions in maintaining and updating the asset register and avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

- Farming equipment

Farming equipment, namely; chainsaw machine; motorbike; tractor; disc plough; and planter, were not accounted for in that they were neither at the farm nor at Kitwe District Education Office.

The Controlling Officer submitted that the Farming equipment had since been accounted for and taken to Kitwe College of Education for storage. The document was available for audit verification.

Committee's Observations and Recommendations

The Committee wonders why the Controlling Officer does not indicate where the equipment was at the time of the audit. In this regard, the Committee urges the Controlling Officer to immediately report this matter to the relevant investigative agencies to help determine where the equipment in question was at the time of audit and to avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

□ Cattle and Goats (39 cattle and 100 goats unaccounted for)

The Controlling Officer submitted that a letter was written by the Provincial Education Office to the District Education Board Secretary (DEBS) to account for the animals that were at the farm.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and not rely on external auditors to flag such matters. The Committee further urges the Controlling Officer to immediately report this matter to the relevant investigative agencies to help determine the whereabouts of thirty-nine cattle and 100 goats. The Committee furthermore urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

f. Management of Liabilities

i. Failure to Withhold Value Added Tax - K121,848 The Controlling Officer submitted as stated hereunder.

Central Province

The Controlling Officer submitted that for the year in question, the office had no Tax Payer Identification Certificate to withhold VAT. However, ZRA had since issued the certificate to the office for the purpose of withholding VAT, and the office had started withholding VAT and the Tax Payer Identification Certificate was available for verification. Further, the Office of the Auditor General did not provide the schedules of transactions.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

North Western Province

The Controlling Officer submitted that the office paid the supplier gross amounts for the goods and services. However, efforts were made and ZRA was contacted and the proof of payment was available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the provisions of the Value Added Tax (Amendment) Act, No.12 of 2017 and the Treasury and Financial Management Circular No. 6 of 2017, are complied with. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

Western Province

The Controlling Officer submitted that various suppliers had been engaged to determine their compliance with VAT remittance to ZRA. Clearance certificates were available for verification.

Committee's Observations and Recommendations

The Controlling Officer is urged to ensure that the provisions of the Value Added Tax (Amendment) Act, No.12 of 2017 and the Treasury and Financial Management Circular No. 6 of 2017 are complied with. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

ii. Failure to Settle Outstanding Bills - K465,997,902 The Controlling Officer submitted as summarised in table 39 below.

Table 39: Personal emoluments Status

No.	Province	Institution	AMOUNTS OUSTANDING	AMOUNTS DISBURSED	BALANCE
1	Central	PEO	1,510,592	1,687,348.45	
		Kabwe DEO	38,086,942	6,744,823.93	
		Kapiri DEO	13,067,893	1,998,193.18	
		Luano DEO	3,535,606	122,227.60	
		Mkushi DEO	7,638,268	983,195.82	
		Mumbwa DEO	18,664,559	2,590,362.96	
		Ngabwe DEO	2,811,475	134,627.91	
		Chisamba DEO	16,194,595	2,471,119.15	
		Serenje DEO	10,102,772	1,071,650.77	

		Shibuyunji DEO	5,504,973	274,487.80	
		Malcom Moffat College of Education	1,642,730		
		Chitambo DEO	2,947,706	158,819.65	
		Chibombo DEO	26,657,846	3,047,171.90	
2	Lusaka	Lusaka DEO	83,649,023	8,836,844.47	

		Luangwa DEO	7,665,771	1,790,364.17	
		Kafue DEO	12,670,340	2,960,522.58	
		Chilanga DEO	6,307,631	1,546,661.12	
		Rufunsa DEO	6,811,526	2,605,998.70	
		Chongwe DEO	21,924,154	3,244,138.72	
3	Copperbelt	PEO	288,972	4,040,917.61	
		Ndola DEO	142,060	14,831,359.15	
		Kalulushi DEO	61,556	2,740,022.55	
4	Muchinga	Nakonde DEO	6,958,409	1,365,553.40	
		Chinsali DEO	14,336,079	2,821,764.85	
		Mpika DEO	15,690,921	2,871,921.23	
5	North-Western	PEO	3,588,767	2,074,119.28	
6	Southern	PEO	1,759,895	2,677,189.89	
7	Western	Mongu PEO	1,615,008	1,745,460.49	

		Mongu DEO	3,992,012	2,900,538.31	
		Sesheke DEO	6,213,633	1,364,576.39	
		Senanga DEO	7,955,853	1,872,561.32	
		Nalolo DEO	3,825,884	691,761.24	
		Limulunga DEO	2,521,770	590,261.43	
8	Eastern	Chipata PEO	43,605,292	1,489,721.41	
9	Northern	PEO	7,477,770	1,842,085.90	
		Kaputa DEO	43,150	1,381,080.26	
		Nsama DEO	19,950	866,334.97	
10	Luapula	Luapula PEO	1,936,803	3,177,535.38	
		Mansa DEO	26,590,686	7,116,839.59	
		Kawambwa DEO	18,198,529	2,142,184.36	
		Mwense DEO	11,780,502	2,352,927.47	
	Total		465,997,902	105,225,275.35	

Further, the Ministry had engaged the Treasury for more funding to clear the remaining debt.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to take keen interest in the matter, and facilitate the settlement of outstanding bills for the Ministry of Education. The Committee resolves to await a progress report on the matter.

MINISTRY OF EDUCATION – EARLY CHILDHOOD, PRIMARY AND SECONDARY SCHOOL EDUCATION

PARAGRAPH 28

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K12,366,366,176 was made to cater for operations at Early Child, Primary and Secondary Education against which amounts totalling K11,695,541,662 were released, resulting in an under-funding of K767,213,075.

As at 31st December 2022, amounts totalling K11,599,153,101 had been spent.

The Controlling Officer submitted that the under-funding was for other personal emoluments and the matter was brought to the attention of the Treasury.

Committee's Observations and Recommendations

The Committee notes that under-funding negatively affects execution of planned activities. The Committee, therefore, urges the Secretary to the Treasury to ensure that the releases to the Ministry match the budget allocations. The Committee resolves to close the matter.

b. Operational Matters

i. Understaffing of Schools - 17,664

The Controlling Officer acknowledged the discrepancies between the payroll and establishment analysis and had made efforts in conducting periodic reconciliations.

However, according to payroll data, the Ministry had a total of 709 and 869 vacancies due to attrition for ECE, Primary and Secondary School levels for the month of August, 2022 and 2023, respectively and not 17,664, as indicated in the Auditor's Report.

The Committee was further informed that the above stated positions were filled when the Ministry and the Commission undertook Teaching Service Sitting or on recommendation from the Provinces, as and when they fell vacant.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

ii. Lack of School Libraries

The Controlling Officer submitted that lack of libraries in schools, was attributed to inadequate funding under the infrastructure grant allocation. However, the Ministry had included the construction of school libraries in all the 120 schools under ZEEP and the 115 under GRZ funding being constructed. As for the cited schools and many others that did not have libraries, the Ministry, under the infrastructure department had planned to construct libraries.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

- iii. Shortage of Desks in Schools The Controlling Officer submitted as follows:

Eastern Province

The Ministry in Eastern Province, had rehabilitated 1, 986 desks and procured 28, 015 desks under the Constituency Development Fund (CDF) and 469 by non-governmental organisations, bringing the total number of desks procured and rehabilitated to 30,470, which would reduce the shortage of desks in schools.

Lusaka Province

The shortage of desks in the concerned schools was being addressed and progress made so far was illustrated in table 40 below: -

Table 40

Current status on the shortage of desks				
Serial No.	Institution	No of Learners without Desks	Desks acquired todate	Balance todate
1	Kabulonga Boys Secondary School	270.00	-	270.00
2	Nelson Mandela Secondary School	306.00	337.00	(31.00)
3	Munali Girls Secondary School	788.00	160.00	628.00
4	Nakatete Secondary School	588.00	-	588.00
Total		1,952.00	497.00	1,455.00

Western Province

The Province had rehabilitated a total of 831 desks and management received desks from various local authorities in the Province, totalling 18,562 as at 30 June 2023, which had since been distributed to schools.

Of the queried schools, Mongu District received 2,672 desks from CDF; Kalabo District received 190 desks from CDF; and Sesheke District received 396 desks from CDF. Total desks received in the three districts queried, was 3,258. The districts had been instructed to give preference to the queried schools as the allocation of desks was carried out.

Management had also received donations for school furniture from other cooperating partners and was positive that the shortfall would be mitigated by the close of the year.

Katima Secondary

The school received a total of 150 desks. Delivery notes were available for verification.

Kambule Secondary

The school refurbished a total of 150 desks. Documentation was available for further review.

Kanyonyo Secondary

The school received a total of 150 desks. Delivery notes were available for verification.

Tungi Combined School

The school received a total of 150 desks. Delivery notes were available for verification.

Northern Province

Ntumpa Boarding Secondary School

The School received a total of twenty-five desks from St. Theresa Girls Secondary School Production Unit and twenty-nine from DEBS Kasama. The school would also benefit from a total of 3000 desks under CDF, which would address, in full, the shortage of fifty-four desks.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take the plight of learners seriously and engage the Secretary to the Treasury on how best to fund the purchase of desks in order to meet the shortages reported in various schools. The Committee further directs the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

iv. Failure to Meet Early Childhood Education Standards The Controlling Officer submitted as follows:

Infrastructure

The Ministry of Education introduced Early Childhood Education (ECE) for children aged three to six in 2012 in all government primary schools. The primary school at which the ECE centre was introduced had to give away one classroom in order to accommodate the ECE class. The infrastructure annexed to ECE centres in primary schools had not been adapted for the purpose of ECE provision. For instance, the furniture; water points; and sanitation facilities were not ageappropriate due to non-availability of funds.

The Ministry had considered in the 2022 and 2023 budget the construction of 40 ECE centres countrywide. The centres that were being constructed had the required standards, in accordance with the Standard Guidelines of 2014. The Ministry was also constructing 440 ECE centres as stand-alone, under the Zambia Enhancing Early Learning Project.

Lack of Trained ECE Teachers

Due to the annexing of ECE centres to primary schools, the Ministry recruited and deployed 2,066 teachers in 2022 and was earmarked to recruit 565 in the 2023 teacher recruitment. The Ministry would continue to add on the number of ECE teachers in each recruitment exercise.

Lack of caregivers

The care givers had been recognised in the Early Childhood Standards but they were not yet part of the ECE structure. The Ministry disbursed grants to schools for running ECE schools and care givers were engaged and paid from the grants. However, when the ECE structures were approved, the Ministry would recruit care givers.

Committee's Observations and Recommendations

The Committee recognises the importance of providing quality ECE to give learners a solid foundation. The Committee therefore, urges the Controlling Officer to urgently address the issue of standards in ECE centres and ensure that the basic standards are met in all the centres. The Committee resolves to await a progress report on the matter.

v. Lack of Sufficient Bed Spaces - Inadequate Bunk Beds

The Controlling Officer submitted that the Ministry disbursed K6,716,620 to six schools cited in the Report to procure the beds and mattresses and a progress report would be submitted to the Committee once the schools submitted the expenditure returns.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report on the matter.

c. Procurement of Goods and Services

i. Unretired Accountable Imprest – Nelson Mandela Secondary School (Lusaka Province) - K51,872

The Controlling Officer submitted that the erring officers had been charged for financial misconduct, in accordance with the Public Finance Management Act, No. 1 of 2018. The charge letters were available for verification.

Further, the total unretired sum of K51, 872.00 had been recovered from the erring officers through the payroll and direct deposits and the pay slips and bank deposit slips were available for verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

ii. Irregular Cash Withdrawals - K626,017

The Controlling Officer submitted as set out below.

Southern Province

The officers involved in these transactions had been charged for going against the Ministry of Finance and National Planning Treasury and Finance Management Circular No.1 of 2022.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

Lusaka Province

The erring officers had been charged for failing to follow procedure in accordance with the Public Finance Management Act, No. 1 of 2018.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the Office of the Auditor General for audit verification, and resolves to await a progress report on the matter.

Northern Province

Lunte Girls Secondary School

The payment of K287,100 was not for the procurement of goods or services but was a cash withdrawal to facilitate the payment of marking allowances for teachers who marked the 2022 General Certificate of Education (GCE) Examinations. Until recently, Examinations markers at Grade 9 Internal, External and GCE were not paid directly through the bank. Cash withdrawals were made and markers were made to acquit for funds. This had however, been discontinued and markers, would be paid directly through bank accounts, effective 2022.

The Headteacher – Lunte Girls Secondary School was advised against making cash withdraws and copies of a charge letter, exculpatory and a letter from Examination Council of Zambia (ECZ) were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail relevant documentation to the OAG for audit verification and resolves to await a progress report on the matter.

iii. Irregular Use of Imprest to Procure Goods and Services - K115,764 The Controlling Officer submitted as stated hereunder.

Lusaka Province

The erring officers were charged for financial misconduct in accordance with the Public Finance Management Act, No. 1 of 2018. Further, the total cited sum of K105, 924.00 had been recovered from the erring officers through the payroll and direct deposits.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

Southern Province

The officers were charged for contravening Regulation 94 (3) of the Public Finance Management (General) Regulations of 2020. Recoveries for the K9,840.00 from the officers had been instituted as it could not be clearly established how the funds were utilised.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

iv. Irregular Procurements from Office Holders or their Relatives - K 362,873 The Controlling Officer submitted as follows:

Southern Province

The Committee was informed that the erring officer was charged and seriously warned against working in contradiction of section 15 (1) of the Public Procurement Act, No. 8 of 2020 and had since been dropped from acting as the procurement officer for the school.

Committee's Observations and Recommendations

The Committee wishes to express its dissatisfaction that the Controlling officer is merely reacting to an audit and not being proactive. The Committee urges the Controlling Officer to ensure that the Public Procurement Act, No. 8 of 2020, with regard to the penalty for one who breaches section 15(1) of the Act is strictly adhered to. Further, the Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

Muchinga Province

The Committee was informed that the headteacher was charged for sub-standard performance and non-compliance with the established procedures or standing instructions. The headteacher exculpated himself and the matter was presented to Provincial Disciplinary Committee which recommended that the headteacher be cautioned and strongly warned and directed that any future violations of the Public Procurement Act, No. 8 of 2020 or indeed any other act, shall attract a more severe recommendation from the Disciplinary Committee.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the provisions of the Public Procurement Act, No. 8 of 2020, with regard to the penalty for one who breaches section 15(1) of the Act, is strictly followed. Further, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

d. Weaknesses in Management of Assets

i. Lack of Title Deeds - Sixty-One Properties at Forty-Nine Schools

The Controlling Officer submitted that the issue of title deeds was a legacy matter, which had existed for a long time, resulting in encroachments. However, the Ministry had made strides in acquiring title deeds by engaging traditional leaders in the case of customary land; facilitating surveying and mapping of the land with the respective Councils, as well as Ministry of Lands had since been engaged to resolve the matter.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the title deeds in question are urgently acquired. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

ii. Failure to Inscribe Assets (1,034 Assets Valued at - K39,243,546) The Controlling Officer submitted as set out below.

Copperbelt Province

The Ministry of Transport and Logistics was engaged through the Department of Office Equipment Maintenance Services and the assets cited had since been inscribed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification subject to which the matter should be closed.

Southern province

Chikankata District Education Board Secretary The assets cited had since been inscribed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

e. Failure to Settle Outstanding Bills - K1,434,739 The Controlling Officer submitted as stated here under.

Copperbelt Province

Lufwanyama Boarding School had since paid a total of K210,389.68, leaving a balance of K233,626.32 whilst Masaiti Boarding School was yet to settle the bills.

Western Province

Kaoma Boarding School had since submitted the domestic arrears to the district office, which would be settled once the office was funded for domestic arrears.

Southern Province

Maamba Secondary School was committed to offset the outstanding bill and so far, had paid an amount of fifteen thousand Kwacha (K15,000.00) and the remaining balance would be cleared by 31st December, 2023.

Eastern Province

Petauke Boarding Secondary School had paid a sum of K37, 470, leaving a balance of K50, 981, which would be paid once the school received the first quarter 2024 grants. Further, Chipata Day Secondary School had paid a sum of K16, 498, leaving a balance of K112, 311, which would be paid upon receipt of first quarter 2024 grants. The payment vouchers and the pledge letters were available for verification.

The Ministry had submitted a request to Treasury to fund the outstanding bills, including the three cited Provinces.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to immediately ensure that the outstanding bills for the Ministry of Education are urgently cleared. The Committee further urges the Controlling Officer to avail relevant documentation to the OAG for audit verification, and resolves to await a progress report on the matter.

MINISTRY OF EDUCATION – ZAMBIA EDUCATION ENHANCEMENT PROJECT (ZEEP)

PARAGRAPH 29

a. Budget, Funding and Expenditure

In the annual work plan and budget for the Financial Year Ended 31st December 2022, a provision of K423,939,018 (US\$25,002,190.87), was made to cater for various activities, against which amounts totalling K489,110,435 (US\$28,643,399.82) were released, resulting in overfunding of K72,371,417 (US\$3,641,208.95).

During the period under review, there was an opening balance of K18,901,288.34 (US\$1,137,829.20), bringing the total available funds to K508,011,723 (US\$29,781,229.02),

As at 31st December 2022, amounts totalling K88,444,263 (US\$5,263,048.06) were spent, representing 18 per cent of the total available funds and 21 per cent of the total budget. The total unutilised funds amounted to K419,567,460 (US\$24,518,180.96).

The Controlling Officer submitted that the non-implementation of activities which consequently resulted in a low burn rate of 21 percent of the budgeted funds, was due to the factors discussed below.

i. Delayed approval of the 2022 Annual Work Plan and Budget (AWPB) by the World Bank.

Approval to commence activity implementation in the 2022 AWPB, was granted on 26th April, 2022, which was almost four months into the year. Therefore, most of first quarter activities could not be implemented.

- ii. In July, 2022, the Government requested for restructuring of the ZEEP Additional Financing project to facilitate provision of more infrastructure to each secondary school to be constructed than what was constructed under the parent ZEEP. The negotiations involved moving funds allocated from the rest of the components to access component so as to make available enough funds for construction of the 120 secondary schools. In order not to complicate the re-allocation, the World Bank advised the Ministry to freeze expenditures by halting activity implementation. Documentation outlining funds allocation by component before and after the restructuring negotiations to justify World Bank's advice, was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification, and resolves to await a progress report.

b. Operational Matters

i. Failure to Distribute Complaint Forms - School Related Gender Based Violence Strategies

The Controlling Officer submitted that the delay to distribute the complaint forms for SRGBV Programme, was attributed to inadequate staff. The Project had developed a road map to the effect that teams that would be implementing the planned activities in the cited schools, would deliver the forms to the schools. It was expected that the delivery would be completed by 30th November 2023. A report would be submitted to the Committee upon completion of the exercise.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress on the matter should be closed.

ii. Failure to Utilise Textbook Distribution and Tracking System

The Controlling Officer submitted that the procurement and delivery of the Grades 5 and 8 textbooks was done directly by the suppliers to the respective schools before the system was developed. And all the targeted schools where the distribution for Grade 5 and 8 was done had no information system hardware, such as computers and laptops for the schools to use to track the requisition and usage of the books.

Further, the Committee was informed that the consultant developed the system, whose objective was to track the distribution of the new consignment of Grade 1-12 books and the procurement process had commenced, running on the E-GP system.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that due diligence is conducted before public funds are committed to such projects in order to ensure that the purpose for which a project is carried out is achieved. The Committee further urges the Controlling Officer to ensure that the text book distribution tracking system is operationalised and resolves to await a progress report on the matter.

iii. Failure to Secure Title Deeds for Property (82 ZEEP schools to prove ownership of the Schools)
The Controlling Officer submitted that the process of acquiring title deeds commenced by engaging traditional leaders.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report.

c. Delayed Connection of Electricity to Constructed Schools

The Controlling Officer submitted that works at the cited schools were in progress and was at different stages as tabulated in table 41 below.

TABLE 41

SCHOOL	CURRENT STATUS OF WORKS	% PROGRESS BY ZESCO
Kang'omba in Kabwe	Lab/HE connected	100%
Makungwa in Chipata	whole school connected	100%
Nang'ombe in Sinazongwe District	Whole School Connected	100%

Lukulu Lavushimanda District	in	Lab/HE connected	100%	
Milombwe	in	Mkushi	Whole School Connected	100%
Chifwema	in	Kafue	Poles erected and cable work done	80%
Palabana	in	Chongwe District	Whole School connected except for staff Houses	100%
Musanya	in	Chinsali	Power line completed up to the School	80%
Kafunkha	in	Katete	Power line completed up to the School	100%
Mikuba	in	Kanchibiya	Connected to Lab/HE, 1X2 CRB Boys Ablution Block and Administration Block	100%
Makomba	in	Pemba District	Poles ferried to Kasiya depending dropping along the construction path	5%
Munjile	in	Mazabuka District	Whole School Connected	100%
Lupili	in	Nchelenge District	Poles erected and conductors fitted. Waiting cable work.	90%
Muyembe	in	Kawambwa District	Poles erected and waiting for cable work	0%
Kabalenge	in	Mwansabombwe District	Poles erected and awaiting cable work	70%
Loto	in	Mwense district	Power line construction completed	90%
Katanshya	in	Samfya District	Whole School Connected except staff Houses	100%
Chowampanga	in	Chisamba District	Poles erected awaiting fitting of conductors and cables.	50%

Further, follow ups regarding power connectivity was done to ZESCO and a connection progress report was issued by the utility company and was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report.

MINISTRY OF FISHERIES AND LIVESTOCK

PARAGRAPH 30

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K928,775,994, was made to cater for the operations of the Ministry, against which amounts totalling K813,062,464 were released, resulting in an under funding of K115,713,530.

Although the Ministry was underfunded, as at 31st December 2022, the Ministry had spent amounts totalling K751,484,076.

The Controlling Officer submitted that the Ministry of Fisheries and Livestock was not fully funded by the Treasury due to a constrained fiscal space, hence the reported under funding of K115,713,530. As regards the unutilised amount of K 61,578,388, the Treasury released amounts of K72,990,696 and K6,620,356.41 on 8th December and 12th December, 2022 respectively, following the approval of a Supplementary Provision Warrant towards the end of the fourth quarter of the year under review. The funds were committed to procurements but regrettably, were not paid out as the vendors had not delivered the items before the end of the year. This resulted in non utilisation of K61,578,388.

The Committee was further informed that Treasury authority to retain and carry over a sum of K43,153,248.89, out of the cited unutilised K61,578,388, from the year 2022 to the financial year ending 31st December, 2023, was granted by the Treasury, while the authority to retain the balance of K18,425,139.11 was not approved by Treasury, citing a tight fiscal space.

However, the carry over funds were yet to be disbursed by the Treasury despite the Ministry submitting a Supplementary Warrant Provision to facilitate the release and utilisation of the funds. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee is concerned with the issue of underfunding and late releases as it negatively affects the implementation of planned activities. The Committee, therefore, urges the Secretary to the Treasury to take the matter of underfunding and late funding of the Ministry of Fisheries and Livestock seriously and ensure that the released funding matches the allocations in the budget. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

b. Failure to Procure Bulls for Artificial Insemination - K697,414.40

The Controlling Officer submitted that the Ministerial Procurement Committee cancelled the tender when it became evident that all the bidders who participated in the tender had quoted the same price, which was above the prevailing market price, as indicated by the price reasonableness analysis.

Management applied the funds on training of officers drawn from across the country- on artificial insemination, which was in the same Programme (Livestock Production and Productivity), in line with the objectives of the Output Based Budgeting. The trainees had since started providing artificial insemination services at various breeding centres dotted around the country.

The Committee was further informed that the Ministry had since provided for a sum of K6,000,000 in the 2024 budget under the Livestock Production and Productivity Programme to be applied on stocking and restocking, which included the breeding bulls, among others. Authority to conduct workshops, activity reports thereto and the extract of the approved 2024 budget for the Livestock Development were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the programme is carried out under the 2024 budget and avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

c. Management of Retirees - Irregular Payment of Allowances to Nine Retirees K195,715.80
The Controlling Officer submitted that one of the cited officers (Mr. Victor Kangwa- Employee No. 263997), was under the statutory retirement age and was still serving under the Ministry Headquarters.

There was a delay in transferring the remaining eight retirees from the ministerial payroll to the separates' payroll, resulting in the irregular payment of the cited allowances.

Management would recover a sum of K105,707.77 from the three retirees whose terminal benefits were yet to be paid, while the Public Service Pension Fund would recover the remaining K83,543.43 from the five retirees' pension whose terminal benefits had already been paid at the time of the review. The balance of K6,464.60, was not subject to recovery as the officer was under the retirement age and was still serving.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer, as a matter of urgency, to ensure that all public funds in question are recovered without fail. Furthermore, the Committee recommends that disciplinary action be commenced against the officers that omitted to carry out their duties which led to loss of public funds. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

MINISTRY OF FISHERIES AND LIVESTOCK

PARAGRAPH 31

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a provision of K43,027,830 was made to cater for the operations of the Provincial and District

Fisheries and Livestock Offices out of which amounts totalling K43,027,823 were released. As at 31st December 2022, amounts totalling K43,027,783 had been spent.

The Controlling Officer submitted that the difference between the budgeted and funded amounts was K7.00, and the Committee may wish to note that the difference was mainly attributed to an accounting rounding off error. Management would endeavor to spend all the funds released by the Treasury to avoid the recurrence of the matter.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

b. Operational Matters – Management of Breeding Centres, Fish Farms, Dip Tanks and Veterinary Camps

i. Breeding Centres

□ Failure to Tag Animals – Mukulaikwa Breeding Centre – Shibuyunji DFLCO

The Controlling Officer submitted that the number of animals which had been tagged had increased from thirty-nine to forty-six due to new births. It was regrettable that there was a delay in tagging the cited animals during the period under review. This was attributed to:

- (a) Lack of animal husbandry staff to undertake routine livestock management practices due to the non-existence of an approved staff establishment for the breeding Centre at the time of the audit; and
- (b) A lack of Treasury authority to establish the Centre as a Cost Centre, leading to lack of budgetary provision.

The Committee was informed that in August 2023, Cabinet Office approved a staff structure for the Centre which was expected to enhance management of the facility. However, operationalisation of the approved structure awaited the granting of Treasury authority.

In the interim, whilst awaiting the said Treasury authority, Management would ensure that operational activities were undertaken through supervision by district and provincial offices.

The Committee was further informed that the Centre had since tagged forty-six animals (the cited 39 and 7 new births). The funds used for tagging were realised from the sale of culled livestock at the Centre. These sales were in line with the Livestock Breeding Centre Guidelines on the Sale of Livestock for Re-stocking and Stocking, as read with the authority to retain funds.

An extract of the approved structure of the breeding centre; a schedule of ear tag numbers with sample of tagged animals; an extract of the Livestock Breeding Centres Guidelines; a copy of authority for Breeding Centres to retain funds from sales of livestock; and minutes of Sales Committee Meeting were available for audit verification.

Committee's Observations and Recommendations

The Committee directs the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

Failure to Insure Animals

The Controlling Officer submitted that the breakdown of the 244 animals that had died was as per table 42 below:

Table 42

S/N	Species	No.	Average Unit Price	Estimated Market Price (K)
1.	Cattle	4	13,500	54,000
2.	Pigs	109	534.64	58,275
3.	Goats	5	900	4,500
4	Rabbits	126	118.13	9,450
	TOTAL	244		126,225

The price of animals was based on species and prevailing market values at the time of loss, relative to the age and weight of the animal.

The Controlling Officer submitted that Part II of section 6 (2) of the Animal Health Act, of 2010 mandated registered veterinary officers to dispose or order the destruction, at any time of any animal, animal product; animal by-product; article; or animal feed which was diseased, moved or used contrary to the provisions of the Act.

It was regrettable that the cited animals had not been insured at the time of the audit. The failure to insure was attributed to no funding to the Breeding Centre arising from an absence of Treasury Authority to establish the facility as a Cost Centre, leading to a lack of budgetary provision to cater for insurance premiums.

The Committee was informed that funds were sourced during 2023 and ninety-six out of the 286 animals that had not died had since been insured, except for fifty-three rabbits as well as 137 animals under the age of six months, which the insurance companies could not insure as per their policies.

Furthermore, the Committee was informed that Cabinet Office approved a staff structure for the Centre in August 2023, which was expected to enhance management and funding of the facility. Whilst awaiting the associated Treasury authority, Management would ensure that breeding centres implemented livestock breeding centre guidelines and retention of funds circulars in order to support daily operations.

In addition, Management had since re-submitted a Loss Report to the Ministry of Finance and National Planning for approval to facilitate the normalisation of the Two Hundred and FortyFour animals that died as a result of disease outbreak.

Disciplinary action had also been instituted against the Provincial Coordinator.

Copies of cover notes; post-mortem reports; loss report to the Ministry of Finance and National Planning; and charge letter were available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

c. Management of Payroll and Staff Related Matters.

i. Irregular Changes of Pay Points - Muchinga PFLCO

The Controlling Officer submitted that eight, out of the fourteen cited cases, were first appointments and were being introduced on the payroll for the first time, while the remaining six were transfers.

The PMEC End Users effected the changes to pay points using Authority Minutes from PSMD, as well as authority letters from the Provincial Administration.

All first appointment letters and transfer letters were duly issued to affected officers by the Civil Service Commission and the Provincial Permanent Secretary to support the payroll changes. Regrettably, the cited appointment and transfer letters were not availed during the audit due to reliance on Human Resource and Records Management staff that were under Ministry of Agriculture. It was worth noting that the Ministry of Fisheries and Livestock did not have its own supporting staff (Accounts, Human Resource, and Records Management) in a number of provincial offices.

The Committee was informed that at the time the head count was being conducted, out of the six cited officers, three officers; Godfrey Musambachime- Assistant Accountant, was assigned to the

Isoka District Administrative Office by the Provincial Permanent Secretary; Shimbetu Mweemba-Aquaculture Technical Officer, was granted approved leave; Musonda Kennedy Office Assistant, was also on leave. The other three cited officers were transferred out of the Province to the Copperbelt and Northern Provinces as per attached transfer letters and Arrival Advice Forms.

The eight first appointment letters, as well as the six transfer letters had since been retrieved. The Committee was further informed that Management had put the necessary records management measures to enhance custody and easy retrieval of records. The schedule of changes, based on staff acting appointments /appointment letters; schedule of changes based on staff transfer/transfer letters; arrival advice forms; approved leave forms; and disciplinary letter, were available for verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

ii. Misplacement of Payroll Area

The Controlling Officer submitted that the Ministry's structure had been lean since its split from the Ministry of Agriculture in 2016. Consequently, Management administratively transferred staff to facilities where no positions for certain cadres existed in order to provide critical services, hence the reported misplacements.

The Committee was informed that though the transfers were undertaken to ensure acceptable service delivery, regrettably the transfer of staff had not been normalised at the time of the audit.

A request to normalise the placement of the 158 misplaced officers had since been submitted to PSMD, out of which thirty-nine positions had since been normalised, while the remaining 119 positions were being processed by PSMD.

The head office had since directed the provincial officers to strictly adhere to Cabinet Office Circular No. 13 of 2019.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the process of normalising placement of the remaining officer and to strictly adhere to Cabinet Office Circular No. 13 of 2019. The Controlling Officer is further urged to avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

iii. Irregular Payment of Allowances

Rural and Remote Hardship Allowances

Payments of Rural and Remote Hardship Allowances

Table 43

No.	Province	Station	No. of officers	Rural Hardship K	Remote Hardship K	Amount K
1	Muchinga	Mpika	1	12,045	-	12,045
		Nakonde	2	24,092	-	24,092
		Shiwangáandu	1	18,431	-	18,431
2	Southern	Choma	17	179,384	-	179,384
		Livingstone	2	23,046	-	23,046
		Mazabuka	11	109,579	-	109,579
		Monze	11	98,250	-	98,250
3	Northern	Mporokoso	1	-	15,057	15,057
		Total	46	464,827	15,057	479,885

The Controlling Officer submitted as stated hereunder.

Rural Hardship Allowance

The Committee was informed that the pay points for thirty-eight officers, out of the cited fortyfive, were based in the seven cited districts. The officers were stationed at the said facilities which did not have a provision for their positions on the payroll. This was done in order to provide services at facilities where no such positions existed given that the Ministry had a lean structure since its separation from the Ministry of Agriculture in 2016.

The thirty- eight officers were stationed at facilities that were located in the range of 30 to 185 Kilometers from the central business districts and therefore, qualified for the payment of rural hardship allowance. The remaining six offices were stationed at locations which were not eligible for the payment of the allowance.

The Ministry submitted that thirty-eight out of the cited forty-five officers, were eligible while recoveries for the remaining six ineligible officers had been effected and were on-going.

Remote Hardship Allowance

Regarding payment of Remote Hardship Allowance, the pay point in respect of the cited position, was at Mporokoso District, but the officer was stationed at Chiwala Camp, which was seventy-two Kilometres from the central business district. This was done to provide service where this particular position did not exist.

The officer paid in Mporokoso District was eligible to draw the allowance in line with Cabinet Circular No. B6 of 2010, as he was stationed at Chiwala Camp, which was seventy-two Kilometres from the central business district.

Further, the Committee was informed that the normalisation of misplaced officers by PSMD would resolve the reported irregularity on rural and remote hardship allowances.

Tables depicting payroll areas; locations where officers were domiciled and distances from central business district; copies of officers' pay slips as proof of recovery; terminal computations and copy of letter of retirement; and letter of the officer's assignment from Mporokoso District to Chiwala, were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

iv. Failure to Recover Tuition Advances – Petauke District Fisheries and Livestock Coordination Office – K 20,000

The Controlling Officer submitted that Management had implemented enhanced adherence to management of payment of salary and tuition advances to ensure effective recovery. The supervising officer had been reprimanded. The Ministry had since enhanced payroll review and monitoring to avoid the recurrence of the matter by training and appointing two end users in payroll management.

Recoveries on the said tuition advance had since been effected and a copy of the pay slip was available for audit verification as well as a letter of reprimand.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

d) Accounting Irregularities

i. Unsupported Payments - K16,420

The Controlling Officer submitted that the delay to retrieve the cited supporting documentation was due to poor record management at the questioned district. This was further exacerbated by the fact that the Ministry had no positions for dedicated accountants at the cited district since its separation from the Ministry of Agriculture and relied on accountants from other institutions to perform accounting duties.

All the cited supporting documentation had since been retrieved after Management received assistance from the Ministry of Agriculture office. In addition, the Treasury had since been requested to facilitate the creation of positions and the subsequent filling up of Ministry dedicated accountants at provincial and district offices. Whilst awaiting favourable response from the MoFNP Management had put in place measures that would involve routine quarterly monitoring by accountants from the Headquarters.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to enhance internal control measures in the Ministry in order to prevent loss. Furthermore, the Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification and awaits a progress report, subject to which the matter should be closed.

ii. Holding of Workshops Without Authority - Serenje District Fisheries and Livestock Coordination Office-K19,320

The Controlling Officer submitted that the Farmers Training Centre, was the only Government facility available at the time of the evaluation for the Beneficiary Programme but was already hosting another activity at the time the cited workshop was scheduled to take place. The programme was designed to be undertaken simultaneously in all beneficiary provinces to avoid biasness, hence the decision to host the evaluations at a private venue.

The District Coordinator had since been cautioned against the practice in order to mitigate the recurrence of the matter. The copy of the warning letter was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that there is strict adherence to the policies in place, going forward. The Committee further urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

iii. Failure to Submit Expenditure Returns – Mongu Provincial Fisheries and Livestock Coordination Office - (K786,692)

The Controlling Officer submitted that the summary expenditure returns were availed for verification. However, the actual supporting documents were not readily available during the verification exercise. Regrettably, there was a delay in retrieving payment vouchers and other supporting documentation from the ten districts due to poor record management when these were requested during verification as a consequence of not having dedicated accountants.

All the cited supporting documentation was retrieved after Management engaged accountants from other institutions. As an interim measure, the Provincial Coordinating Office had put in place measures to enhance collaboration with Accountants from other ministries at district level to provide prompt accounting services.

In addition, the Treasury had since been requested to facilitate the creation of positions and the subsequent filling up of the positions. Whilst awaiting favourable response from the MoFNP, Management had put in place measures that would involve routine quarterly monitoring by accountants from Headquarters.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to implement measures intended to improve records management in the Ministry. Furthermore, the Committee urges the Controlling Officer to immediately avail the relevant documents to the OAG for audit verification and resolves to await a progress report.

e) Management of Stores

- i. Unaccounted for Store (stores items costing K36,739 (general stores – K17,965 and fuel – K18,828) procured at two stations

The Controlling Officer submitted that the delay to retrieve the cited supporting documentation was due to poor record management at the cited Districts. This was further exacerbated by the fact that the Ministry had not had positions for dedicated accountants at the cited districts since its separation from the Ministry of Agriculture and relied on accountants from other institutions to perform accounting duties.

All the cited supporting documentation had since been retrieved and was available for verification.

The Treasury had since been requested to facilitate the creation of positions for accountants in the Ministry.

Whilst awaiting favourable response from the MoFNP, Management had put in place measures that ensured there was routine quarterly monitoring by accountants from the Ministry Headquarters.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

- ii. Fuel Drawn by Vehicles not Owned by the Institution - K51,354

In response, the Controlling Officer submitted that the cited vehicles were actually Government vehicles stationed in the different institutions under the Ministry, namely; Central Veterinary Research Institute (CVRI); National Livestock Epidemiological Information Centre (NALEIC); Enhanced Small Livestock Investment Programme (E-SLIP); and Chilanga District Fisheries and Livestock Coordination Office (DFLCO). The vehicles were requested from the various institutions under the Ministry to help manage the control of African Swine Fever disease, which had broken out in the Lusaka Province. This was on the grounds that the province had no capacity to manage the control of the disease given the limited number of motor vehicles. The various correspondences from departments that supported the Province with motor vehicles were available for inspection. Regrettably, at the time of audit, the correspondence was not availed as they were misfiled due to poor records management.

Documentation confirming that the questioned vehicles were obtained from Departments and projects under the Ministry of Fisheries and Livestock to beef up transport during vaccinations conducted under Lusaka Province had since been retrieved. To avoid the recurrence in delay of

submission of records and other documentation, the Committee may wish to note that a Provincial Registry Clerk was assigned to the cited office to manage all records.

Committee's Observations and Recommendations

The Committee wonders why supporting documents are only available after the audit and therefore, doubts their authenticity. In this vein, the Committee urges the Controlling Officer to ensure that internal control measures at the Ministry are strengthened to prevent loss. Further, the Committee urges the Controlling Officer to immediately avail all supporting documents to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

iii. Unaccounted for Vaccines - Mongu Provincial Fisheries and Livestock Coordination Office -K52,200

The Controlling Officer submitted that the delay in retrieving the cited receipts and disposal details was attributed to poor record management at the cited Provincial Office, as well as the affected districts. This was further exacerbated by the fact that the Ministry had not had positions for dedicated stores officers to carry out stores management at the cited districts since the Ministry's separation from the Ministry of Agriculture in 2016.

The Ministry submitted that all the cited receipt and disposal details, necessary to account for the procured vaccines had since been retrieved. All concerned officers had been re-oriented in records management to avoid a recurrence of the query.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

f) Management of Assets - General Assets

i. Failure to Secure Title Deeds

Table 44: Failure to Secure Title Deeds

No.	Province	Station	No. of Assets
1	Northern	Kasama PFLCO	1
		Kaputa DFLCO	1
		Mporokoso DFLCO	1
		Mbala DFLCO	1
		Mpulungu DFLCO	1
2	Eastern	Chipata PFLCO	3
		Lundazi DFLCO	2
3	Western	Mongu PFLCO	2
		Mongu DFLCO	1
		Sesheke DFLCO	4
		Senanga DFLCO	6
		Nalolo DFLCO	6
		Limulunga DFLCO	9
4	Central	Itezhi-Tezhi DFLCO	1
		Mukulaikwa Livestock Breeding	3
5	Southern	Choma PFLCO	7
		Choma DFLCO	13
		Chirundu DFLCO	2
		Siavonga DFLCO	6
		Livinstone DFLCO	3
		Batoka Livestock Development Centre	2
6	Luapula	Kawambwa DFLCO	2
		Total	77

The Controlling Officer submitted that most of the properties had no site plans and diagrams, which were prerequisites for obtaining title deeds since the country's independence. In this regard, the delay to obtain title deeds was mainly attributed to the lack of budget support to meet the cost of undertaking sitting; diagramming; and titling.

The Controlling Officer further submitted that estimates to facilitate the commencement of siting and diagramming necessary to obtain title deeds, had been included in the approved annual work plan for the year 2024 under the Technical Services Branch.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the Ministry budgets for the processing of title deeds and complies with the laid down guidelines on the securing of title deeds. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

ii. Failure to Update Asset Registers

In response, the Controlling Officer submitted that it was regrettable that there was a delay in updating asset registers at the cited districts. This was attributed to the lack of accounting staff as the districts relied on accountants from other ministries for accounting functions.

The Committee was informed that the asset registers had since been updated with the help of accountants from other Ministries.

Furthermore, the Treasury had since been requested to facilitate the creation of positions for accountants at provincial and district offices in the Ministry.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

iii. Failure to Insure Motor Vehicles and Motor Bikes

In response, the Controlling Officer submitted that Namwala District Fisheries and Livestock Coordination Office (DFLCO), only owned three boats, as well as two engines and not the cited six. The Committee was informed that one of the three boats was assigned to Monze District Administration, while the remaining boat belonged to the Disaster Management and Mitigation Unit (DMMU). Similarly, only twelve and not twenty-seven motor bikes belonged to Kalomo DFLCO.

The delay to insure the cited assets was mainly attributable to the inadequate funds to meet the cost of insurance premiums due to constrained budget provisions for the concerned Districts during the period under review.

The Committee was informed that out of the cited motor bikes totalling thirty-four, fifteen motor bikes, under Kalomo District belonged to the Ministry of Agriculture, but were found parked at the same premises, shared by the two Ministries at the time of the audit. The Ministry reported that fifteen out of the nineteen motor bikes under the Ministry, had since been insured following the release of funding under the current fiscal year, while the four non-runners under: Namwala one; Livingstone one; and Kalomo two had been earmarked for boarding.

As regards insurance for motor vehicles, two out of the three had since been insured, while the queried vehicle under Sinazongwe District belonged to the Ministry of Agriculture and may have been erroneously cited as belonging to the Ministry of Fisheries and Livestock. Two boats and two engines under Namwala DFLCO had since been insured.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that laid down guidelines with regard to insurance are complied with. Further, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

g) Failure to Settle Obligations - K19,323,036

The Controlling Officer submitted that the cited debt was inherited following the Ministry's split from the Ministry of Agriculture in 2016. The delay in settling this indebtedness was attributed to the persistent and limiting budget thresholds due to the Treasury tight fiscal space.

The Committee was informed that the Treasury and Financial Management Circular No. 13 of 2023 dated 21st June, 2023 guided that all outstanding obligations by Ministries, Provinces and Spending Agencies accrued prior to the financial year 2022, would be settled centrally by the Treasury. Management had since submitted all cited outstanding bills to the Treasury as guided in the said circular and continued to engage the Treasury on the final settlement of the debt.

The Ministry was funded a total of K16,331,958 in 2023 of which K7,730,325 was for dismantling of arrears for goods and services and k8,601,633.00, for other emoluments. The payment process was ongoing.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the settlement of the obligations in question.

MINISTRY OF FISHERIES AND LIVESTOCK – ENHANCED SMALLHOLDER
LIVESTOCK INVESTMENT PROGRAMME

PARAGRAPH 32

a. Budget, Funding and Expenditure

In the E-SLIP annual work plan and budget for the Year Ended 31st December, 2022, a provision of K160,762,470, was made to cater for various activities against which amounts totalling K152,871,651 were released, resulting in an underfunding of K7,890,819.

As at 31st December, 2022, amounts totalling K134,546,424 had been spent.

E-SLIP Project had a total loan of US\$47,737,000 out of which a cumulative disbursement of US\$37,545,000, was made out of which US\$36,640,000 had been spent as at 31st December, 2022.

A review of the 2022 annual report revealed that from inception to 31st December, 2022, a total of 22,584 households, including 14,584 female-headed households, 3,120 male-headed households; and 4,880 households headed by young people benefitted from livestock packages under E-SLIP; against a target of 28,000 households.

The Controlling Officer submitted that the figure of 22,584 households referred to female-headed households indicated in the 2022 half-yearly report. The total number of households that had benefitted from livestock packages by end of 2022, was 31,194 (25,450 females and 5,774 males)

against the Programme target of 28,000 representing a 111 per cent coverage. A copy of the annual report was available for verification.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail the supporting documents to the Office of Auditor General for audit verification, and resolves to await a progress report.

b. Operational Matters

i. Component 1 - Disease Control Sustainably Improved

□ Failure to Vaccinate Animals

Table 45: Failure to Vaccinate Animals

S/No	Description of activities	2022 Target	2022 Actual	(D-C) Target Variance	(E/C) Target % Variance
1	Number of cattle vaccinated in CBPP- designated border areas in Muchinga, Northern, and Western provinces	300,000	20,726	(279,274)	-93%
2	Number of animals receiving ECF ITM	72,800	63,243	(9,557)	-13%
Total		372,800	83,969	(288,831)	

The Controlling Officer submitted that in 2022, the Ministry had proposed a shift in the approach for control of CBPP from the conventional strategy of vaccinations, to test and slaughter. This was because vaccination alone was not effective in the eradication of the disease. The change was in line with international best practice. In this regard, Zambia’s CBPP Control Strategy was peer reviewed and approved by the World Organisation for Animal Health (WOAH). This change would have pushed back the disease to its traditional areas so as to limit the vaccinations to the high-risk zone.

Prior to the year 2022, such technical decisions were made within the Ministry. Following extensive consultation and the socio-economic ramifications arising from the proposed approach, there was need to engage Cabinet Office to obtain approval for the change in strategy.

The Ministry then engaged Cabinet through a Cab Memo dated 21st April, 2023 regarding the change in strategy to focus on test and slaughter. The guidance was to continue vaccinations and use the test and slaughter on a voluntary basis.

Regrettably, the work plan for the project was not updated to reflect this change in strategy, hence the reported CBPP under vaccinations.

As regards the cited variance in vaccinations for East Cost Fever (ECF), this was mainly attributed to the failure by farmers to present calves for ECF immunisation. This immunisation was provided by Government at a subsidised cost and farmers had to pay a fee to acquire the vaccination. Notwithstanding the subsidised fee, some farmers were unable to avail the calves at vaccination points due to the various factors, including monetary constraints; animals having moved to inaccessible areas; low appreciation of disease control programmes; and negative beliefs towards vaccinations.

In 2023, the CBPP vaccinations were being undertaken in Western; North-Western; Northern; and Muchinga Provinces following guidance from Cabinet that vaccinations should continue and use test and slaughter on voluntary basis. The vaccination figures indicated in table 46 below had been achieved.

Table 46: Status on CBPP Vaccinations as at 30th September, 2023

S/N	Province	Doses Received	Animals Vaccinated	Remarks
1	Western	365,800	167,070	On-going
2	Northern	15,000	13,902	Soon to be completed
3	Muchinga	5,500	3,133	Soon to be completed
	Total	386,300	184,105	

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that sensitisation of the farmers on vaccinating animals is enhanced. The Committee further urges the Controlling Officer to institute disciplinary action against the officers that neglected to update the work plan for the project to reflect the change in strategy. The Committee resolves to await a progress report on the matter.

□ Failure to Meet the Immunisation Target of 9,557 Calves

The Controlling Officer submitted that the cited variance in vaccinations for ECF, was mainly attributed to the failure by farmers to present calves for ECF immunisation. This immunisation was provided by Government at a subsidised cost and farmers had to pay a fee to acquire the vaccination. Notwithstanding the subsidised fee, some farmers were unable to avail the calves for vaccination due to various factors including monetary constraints; animals having moved to inaccessible areas; low appreciation of disease control programmes; and negative beliefs towards vaccinations.

As a corrective measure, the Government had initiated increased sensitisation and awareness of the programme among the farmers to improve their willingness to embrace the programme.

Immunisation of ECF was undertaken for calves six months to two years old after which they developed life-long immunity. The cited calves had since outgrown the immunisation age and therefore, the programme would target a new set of calves.

The immunisation programme continued to be demand-driven and the left-over vaccines were brought back to the laboratory and were included in the new stock of vaccines to be rolled out in the next immunisation programme.

In 2023, the immunisation programme was on-going and table 47 illustrated what had been achieved.

Table 47: ECF Vaccination Status as at 30th September, 2023

S/N	Province	Target	Actual	%	REMARKS
1	Southern	46,000	27,276	59.30	On going
2	Eastern	30,000	19,292	64.31	On going
3	Central	14,000	6,204	44.31	On going
4	Lusaka	6,500	208	3.20	Just started
5	Copperbelt	3,500	2,101	60.03	On going
	Total	100,000	55,081	55.08	

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and will await a progress report on the matter.

ii. Component 2: Livestock Production System Sustainably Improved – Failure to Construct Water Points

The Controlling Officer submitted that seven water points were actually constructed and paid for during the period under review.

The number of water points was revised from the cited sixteen to eight after it came to light that the cost estimates used to develop the budget for this activity, had been under projected. Regrettably, the project work plan was not updated accordingly, hence the reported failure to construct water points.

As alluded to in the response above, seven out of the targeted eight water points were successfully constructed during the period under review and were available for physical verification. The Ministry was in negotiations with the Cooperating Partner for additional funding to facilitate the construction of more water points.

The Interim Payment Certificates and the supplier's invoices were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report.

a. Undistributed CBPP Vaccines -K857,236.52

The Controlling Officer submitted that as alluded to in the cause for the failure to vaccinate animals, in 2022, the Ministry had proposed a shift in the approach for control of CBPP from the conventional strategy of vaccinations to test and slaughter. This was because vaccinations alone were not effective in the eradication of the disease. This change in approach was in line with international best practice. To this end, Zambia's CBPP Control Strategy was peer reviewed and approved by the World Organisation for Animal Health (WOAH) in 2022. This change would have pushed back the disease to its traditional areas so as to limit the vaccinations to the highrisk zone.

During the protracted process to formalise the proposed change in CBPP eradication approach as well as consultations with stakeholders given the socio-economic ramifications of the new strategy, vaccinations had temporarily been halted hence the delay in distributing the vaccines.

The cited 200kg of veterinary vaccines and 300,000 doses of CBPP vaccines had since been distributed to Northern; Muchinga; and Western Provinces and further to districts as well as vaccination points.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification subject to which the matter should be closed.

OFFICE OF THE PRESIDENT - MUCHINGA PROVINCE GENERAL
ADMINISTRATION

PARAGRAPH 33

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K67,836,987 was made to cater for the operations of the Provincial Administration and the whole amount was released

As at 31st December 2022, the Province had spent amounts totalling K66,207,300.

The Controlling Officer submitted that in the Estimates of Revenue and Expenditure for the financial year ended 31st December 2022, a total budget provision of K67,836,987 was made to cater for the operations of the Provincial Administration, and the whole amount was released.

Going forward, Management would adequately engage the Budget Office so that all the budgeted funds were released in good time to enable the Province spend all funds on planned activities.

Committee's Observations and Recommendations

The Committee notes that the issue of late funding negatively affects the implementation of planned activities and therefore urges the Secretary to the Treasury to ensure timely release of funding so that essential services provided are not disrupted. The Committee further urges the Controlling Officer, in future to seek for Treasury authority to spend when faced with similar circumstances. The Committee recommends the matter for closure.

b. Irregular Payment of Rural - (K140,667) and Remote Hardship Allowances- (K2,292)

The Controlling Officer submitted that immediate corrective actions were being taken to address the identified issues and prevent similar occurrences in the future.

The recoveries had been instituted on the affected officers and documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against the officers who omitted to perform their duties in line with the existing guidelines to prevent loss. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

c. Unaccounted for Fuel - K33,321

In response, the Controlling Officer submitted that Management conducted a thorough investigation to understand the lapses in the internal processes that led to the lack of disposal details for the mentioned fuel procurement. The investigation revealed gaps in the recordkeeping procedures. In addition, disposal records were retrieved from the end-user departments and were available for verifications.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately improve internal control measures and institute disciplinary action against the officers that neglected to maintain records of receipt and issue of public stores. The Committee further urges the Controlling Officer to avail supporting documents to the Office of Auditor General, and resolves to await a progress report on the matter.

d. Failure to Secure and Repair Weather Stations

The Controlling Officer submitted that the equipment at the stations cited, could not be repaired because mercury thermometers were no longer easily accessible as the producers had switched to producing digital thermometers, hence the delay in replacing them.

However, the Ministry of Green Economy and Environment had procured automated weather equipment, which they had installed in Mpika; Shiwang'andu; Chinsali; Isoka; and Nakonde Districts in Muchinga Province, and documentation was available for verification.

Committee's Observations and Recommendations

In noting the submission, the Committee recommends that the Controlling Officer should enhance security measures at the weather stations to avoid loss of property. On the non-repair of damaged meteorological equipment, the Committee urges the Controlling Officer to avail supporting documents to the Office of Auditor General for audit verification, and resolves to await a progress report on the matters.

OFFICE OF THE PRESIDENT– MUCHINGA PROVINCE GENERAL DEPOSIT ACCOUNT

PARAGRAPH: 34

a. Funding and Expenditure

During the Financial Year Ended 31st December 2022, amounts totalling K1,920,501, were received in the General Deposit Account to cater for programmes such as youth empowerment; support of bye elections for the House of Chiefs; and operations of Controller of Government Transport, among others.

In addition, amounts totalling K2,502,909 were brought forward from the previous year, bringing the total funds available in the account to K4,423,410.

As at 31st December 2022, amounts totalling K2,375,506, were spent, leaving a balance of K2,047,900.

Further, amounts totalling K1,514,148 were received in the DMMU account to cater for activities of the DMMU Muchinga Regional Office. The account had a balance brought forward of K1,628,539, bringing the total funds available for the Unit to K3,142,687.

The Provincial Administration also received amounts totalling K3,430,825 from the Ministry of Water Development and Sanitation in the Water and Sanitation account for drilling and rehabilitation of boreholes and office operations.

The Controlling Officer submitted that the organisation received a total funding of K1,920,501.36 in the General Deposit Account, with an opening balance of K2,502,908.83. Total expenditure for the year was K2,375,505.55, leaving a closing balance of K2,047,899.64 as of December 31, 2022. This balance was earmarked for various purposes like Nakonde Border Post compensations; youth scheme grants; and Planning Unit Capex funds. Some funds could not be utilised due to delays in guidelines and procurement processes.

Youth scheme grants were disbursed, Planning Unit assets were procured, but Border Post Compensation funds in Nakonde were pending finalisation.

Additionally, the DMMU received K1,514,148, combined with a balance brought forward of K1,628,539, totalling K3,142,687. The Province also received K3,430,825 from the Ministry of

Water Development and Sanitation for borehole drilling, rehabilitation, and office operations in the Water and Sanitation Account.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

b. Failure to Disburse Youth Scheme Grant Funds - K132,902

The Controlling Officer submitted that an amount totalling K132,902 remained undisbursed during the period under review due to the challenges stated hereunder.

1. Administrative Bottlenecks: There were administrative delays at district level in the verification and approval process for grant disbursement, leading to a slower-thanexpected pace of fund allocation.
2. Verification Procedures: Stringent verification procedures were in place to ensure that funds were disbursed to eligible and deserving beneficiaries. While these checks were essential, they contributed to the slowdown in the disbursement process.

The delays by District Youth Empowerment Committees in submitting lists of applicants/beneficiaries greatly affected the quick disbursement of funds. However, the lists of beneficiaries were received, verified, and paid by 20th June 2023. Proof of payment details were available for verification.

To expedite the disbursement of the funds, Management was improving communication channels with applicants and beneficiaries, providing them with clear guidelines on the application process and expected timelines for disbursement. This would enhance transparency and keep stakeholders informed about the status of their applications.

Committee's Observation and Recommendation

The Committee notes the submission and recommends that the Controlling Officer implements measures to overcome the identified challenges relating to administrative and verification procedures. The Committee further recommends that the Controlling Officer should avail supporting documents to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

c. Failure to Pay Distributors of Relief Maize - K208,000 The Controlling Officer submitted as stated below.

Isoka

Society of St. Vincent De Paul, the Project Implementing Partner that was engaged to distribute a total of 200MT of white maize to the vulnerable communities in Isoka District, had since been paid for what they distributed. A total of 164.5MT was distributed by the Project Implementing Partner and they had since been paid K85,540 @ K520 per MT. The balance of 35.5MT had not yet been acquitted by the vendor hence still not paid for. This balance was reported to the police

as missing where the then District Commissioner was said to have collected 35.5 MT for distribution in the District. He however failed to account for the maize and the case was reported to police for investigation. The District Commissioner involved was fired and was no longer in employment. The outcome of police investigations was being awaited.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification. The Committee will await a progress report on the outcome of the police investigations.

Mpika

Caritas Mpika, the project implementing partner, engaged to distribute a total of 400MT of white maize in Nabwalya and Mukungule chiefdoms in Mpika District had since been paid a total of K151,580 for a total of 291.5MT distributed to the vulnerable communities in Mpika District. The project implementing partner failed to distribute the remaining balance of 108.5MT; as a result, the contract was terminated for failure to complete the distribution of white maize.

A new project implementing partner had since been engaged to distribute the remaining 108.5MT.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and will await a progress report.

Mafinga

Ngiwe General Dealers, a Project Implementing Partner engaged to distribute a total of 200MT of white maize in Mafinga District had not yet been paid the balance of K52,000 as the Project Implementing Partner had not yet completed the distribution during the audit process. However, the project implementing partner had successfully completed the distribution and had since been paid the balance in question and documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

d. Unauthorised Fuel Drawings - 796.40 Litres

The Controlling Officer submitted that Management regretted that fuel costing K18,879, was drawn by an officer from the filling station without approval from the office of the Provincial DMMU Coordinator.

The officer in question was written to and warned severely. The office had since recovered the amount from the erring officer in full for drawing fuel without authority and documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

MINISTRY OF AGRICULTURE

PARAGRAPH 35

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a provision of K12,087,665,285 was made to cater for various activities against which amounts totalling K9,412,554,729, were released resulting in an underfunding of K2,675,110,556.

As at 31st December, 2022, amounts totalling K9,401,257,246 were spent, leaving a balance of K11,297,483.

The Ministry obtained Treasury authority to retain the balance of K11,297,483.

The Controlling Officer submitted that the operational budget was 98 per cent funded, resulting in most of the activities being undertaken. The unspent funds of K11,297,483 were as result of delays in signing the contract for the purchase of motor cycles, amounting to K7,883,082 as the supplier went on recess during the festive period. The remaining unspent amount of K3,414,401 was due to some payments which were reversed due to wrong account details. Management would like to state that the Ministry received funding of K727,848,624.29 on 15th December, 2022, to pay FISP agro dealers and transporters. In most cases the suppliers' accounts were either dormant/inactive or had been closed. Hence when payments were not credited by the bank, the Ministry had to contact individual suppliers affected to have their bank accounts re-activated.

A request was made to carryover these funds and authority was granted to this effect by the Treasury. The suppliers were paid in 2023.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

b. Failure to Facilitate Pay Outs for the 2021/2022 Farming Season - Implementation of Farmer Input Support Programme - (K9,088,400 for germination related losses and K44,443,659 for area yield related losses)

The Controlling Officer submitted that the failure to process payouts was due to delays in the submission of updated phone numbers as some farmers did not have access to handsets but had sim cards. The Ministry was in the process of capturing and compiling updated phone numbers of eligible farmers due for payouts.

Payment modalities had since been amended to pay farmers through mobile money, away from the traditional modality of farmers accessing payouts in the form of inputs. The Ministry was

conducting a validation exercise to capture the correct phone numbers for the beneficiaries who qualified for insurance payouts.

Committee’s Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to avail the relevant documentation to the OAG for audit verification, and will await a progress report.

- c. Procurement and Delivery of Urea and Compound D Fertiliser
- i. Failure to Follow Bidding and Evaluation Guidelines – Agrizam and Fertseed

Table 48: Suppliers without Documentation

Instruction to Bidder/ Required Bid Documents	Agrizam Investments Ltd (US\$ 70,964,225.55)	Ferts Seed & Grain Ltd (US\$ 37,676,188.65)
Financial capability - submit financial statements for the last two financial years	None	Only submitted financial statements for the year 2020 and not 2021 and 2022
Financial capability - proof of having available financial resources i.e. lines of credit or letter of comfort from a reputable commercial bank	None	None
Provide proof of arrangements for secure storage at district level	Yes	None
Show proof of having successfully supplied fertiliser inputs	None	None

The Controlling Officer submitted that the ZPPA in their letter dated Friday, 9th September, 2022, advised the Ministry to cancel the tender for the supply and delivery of fertiliser. On Monday, 12th September, 2022, the Procurement Committee cancelled the tender. The solicitation document was issued to the shortlisted bidders on 12th September, 2022 and suppliers were required to submit their bids on Tuesday, 13th September, 2022 by 16:00 hours, which was less than 24 hours.

Due to limited time, the criterion that were not complied with by the two bidders were waived during the evaluation process to enable the Ministry deliver the inputs on time. The procurement was done through direct bidding and the bidders were assessed to have capacity to deliver.

The Ministry ensured that the suppliers that were awarded contracts complied with the solicitation document.

Committee's Observations and Recommendations

The Committee cautions both the Secretary to the Treasury and the Controlling Officer to desist from disregarding the law and urges them to ensure that the provisions of the Public Procurement Act, 2020, its regulations, and the Instructions to Bidders are strictly adhered to at all times. The Committee further urges the Controlling Officer to ensure that disciplinary action is instituted against all the officers who were involved in causing the query. Furthermore, the Committee directs the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, and resolves to await a progress report on the matter.

ii. Delayed Supply, Delivery and Distribution of Fertiliser

Table 49: Delayed Delivery and Distribution of Fertiliser

Name of Supplier	Province	District	Commodity	Contracted Quantity (Mt)	Dates Delivered to the Districts	Dates Distributed to the Beneficiary Farmers	Delay in Days
Fert Seed & Grain Ltd	Central	Chibombo	Urea	3,165.90	Jan-23		1 to 16 days
Nitrogen Chemicals of Zambia	Copperbelt	Chililabombwe, Chingola, Mufulira and Luanshya	Compound D	4,936.20	November 2022 to February 2023	2nd December 2022 to 17th April 2023	1 to 106 days
Export Trading Group Ltd	Copperbelt	Chingola, Mufulira and Luanshya	Urea	3,609.30	September 2022 to January 2023	1st December 2022 to 22nd February 2023	1 to 36 days

Despite the delay in delivering the fertiliser, the Ministry neither terminated the contract nor claimed liquidated damages, as provided for in the contracts.

The Controlling Officer submitted that the Ministry commenced the procurement process and award of contracts to suppliers for the FISP 2022-2023 farming season late. This resulted in the delayed delivery of inputs due to the processes involved in the procuring; warehousing; delivery; and distribution of inputs to farmers. The Ministry could neither terminate nor claim liquidated damages, as provided for in the contract due to a breach on the part of the Ministry in performing their obligations. The Ministry sought guidance from Ministry of Justice on this matter,

considering that this was contractual and the Ministry was advised that since the reasons for delay were not only attributed to the suppliers, it would be unfair to claim liquidated damages as the suppliers would also counter the action through legal redress.

The Ministry would in future ensure that the procurement of farming inputs commenced on time to avoid delays in the delivery of farming inputs.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

d. Procurement and Delivery of 33,283.04 Metric Tonnes of Seed

i. Failure to Follow Bidding and Evaluation Guidelines – Farmers Barn

The Controlling Officer submitted that the procurement was done through direct bidding and the bidder was deemed to have capacity to deliver. Further, the supplier had submitted proof of having supplied seed to the Ministry of Agriculture.

Further, the Ministry of Agriculture procured fresh seed for planting each farming season. Hence all seed producers registered with the Seed Control Certification Institute and declared the hectares planted in that farming season. Award of contracts was based on this data and no supplier could be awarded more than the quantity of seed they were expected to produce.

Therefore, due to limited number of suppliers of fresh groundnut seed, the criteria that was not complied with by Farmers Barn Limited, was waived during the evaluation process to enable the Ministry deliver the inputs on time.

Arising from the above, the Ministry had no option but to award a contract to Farmers Barn Limited, which had the groundnuts seed. If this option was not explored, it would have meant that the farmers in Northern and Eastern Provinces would not have planted groundnuts for the 2022/2023 farming season. Going forward, the Ministry would ensure that the suppliers that were awarded contracts were compliant to the solicitation document.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that the provisions of the Public Procurement Act, 2020, its regulations, and the Instructions to Bidders are strictly adhered to at all times. The Committee further urges the Controlling Officer to ensure that disciplinary action is instituted against all the officers who were involved in causing the query. Furthermore, the Committee directs the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

ii. Delayed Supply, Delivery and Distribution of Seed

The Controlling Officer submitted that the delayed award of contracts to seed suppliers resulted in the delayed supply, delivery and distribution of seed. As at 31st December, 2022 the delivery status

was at 99.58 percent for maize seed, 91.62 percent for soya beans and 70.84 percent for ground nut seed. By 15th January, 2023, fourteen out of the seventeen suppliers had supplied 100 percent inputs. The Ministry would, in future, ensure that the procurement of farming inputs commenced on time to avoid delays in the delivery of farming inputs.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that due diligence is conducted on all the companies that are contracted to supply, deliver and distribute seeds. The Committee further urges the Controlling Officer to ensure that, going forward, there should be no delay in awarding of contracts for the supply of seed. The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

e. Management of FISP Beneficiaries

A review of FISP approved farmer list for the 2022/2023 farming season revealed the following:

i. Failure to Grant Authority to Deposit to Eligible Farmers

The Controlling Officer acknowledged that 595,412 farmers were not accommodated to benefit from the programme. The selection process was usually done at community level in camps. The members of farmer groups and cooperatives recommended the list of beneficiaries through Camp Agricultural Committees (CACs) to the District Agricultural Committees (DACs) for approval.

As a corrective measure, the Ministry was working on modalities to develop a three-year graduation plan for 2026 under FISP, which would commence weaning off farmers who had benefited from the programme for more than three years. This would enable farmers that had been on the register for a long time not to benefit from the programme.

In addition, the Ministry had introduced a credit facility under the Sustainable Agricultural Finance Facility (SAFF) to accommodate other eligible farmers who may not benefit from FISP.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to urgently implement measures to ensure that the selection criterion is transparent, fair and not questionable. The Committee further urges the Controlling Officer to expedite the development of a graduation plan for FISP beneficiaries and avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

ii. Irregular Issuance of Farming Inputs to Beneficiaries in Formal Employment – (38,539 Farmers)

The Controlling Officer submitted that beneficiary selection was done at community level, hence the inclusion of ineligible farmers by members of the cooperatives. There were weaknesses in the registration processes of farmer beneficiaries at district level.

At the time of beneficiary identification, some of the civil servants were farmers but during the year, they were recruited by the Government and introduced on the government payroll.

The Ministry was working with Smart Zambia to reconcile the database on the ZIAMIS with the Pensions and PMEC databases to identify registered farmers who were in formal employment. This would enable the Ministry to institute recoveries from the affected employees. Further, these farmers would be blacklisted from benefitting from the programme.

Committee's Observations and Recommendations

The Committee recommends that recoveries should be immediately instituted from all the ineligible beneficiaries in formal employment. The Committee also urges the Controlling Officer to ensure that measures are urgently put in place to prevent the recurrence of the query and avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

MINISTRY OF AGRICULTURE

PARAGRAPH 36

- a. Budget, Funding and Expenditure
- b. In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K53,015,497, was made to cater for operations of the provincial and district agriculture offices, out of which amounts totalling K52,997,520 were released.
Management of Payroll and Staff Related Matters
- i. Irregular Payment of Rural and Remote Hardship Allowances
In response the Controlling Officer submitted as stated below.

Muchinga Province

The Ministry had since effected recoveries for the money drawn as rural hardship allowance for all the three officers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against all the officers who omitted to carry out their functions which led to loss of public funds and to avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report.

Western Province

The three officers cited had been transferred from Mongu rural (Lwandui Camp), Sesheke rural (Maondo Camp) and the third one from Kalabo, where they were eligible to receive rural hardship allowance. Management delayed to delimit the allowance from the payslips.

One of the officers was serving and the allowance had been withdrawn. In addition, recoveries had been effected and were running on the payslip. The other two were retired officers and the rural

hardship allowances would be recovered through their terminal benefits. Payslips and casualty form computations were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against all the officers who omitted to carry out their functions which led to loss of public funds, and ensure that the irregularly paid allowances are recovered from all the affected officers without fail. Furthermore, the Committee directs the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, and resolves to await a progress report.

Copperbelt Province

Four officers cited in the report continued receiving rural hardship allowance when they were not eligible. However, the Ministry had since effected recoveries for the money drawn as rural hardship allowance for all the four officers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against all the officers who omitted to carry out their functions which led to loss of public funds, and ensure that the irregularly paid allowances are recovered from all the affected officers, without fail. Furthermore, the Committee directs the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report.

Central Province

The cited Officer was eligible for rural hardship allowance as he was stationed at Munyama Camp.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

ii. Payment of Salaries to an Officer on Unapproved Study Leave - Chinsali Provincial Agriculture Coordinating Office - K95,987

The Controlling Officer submitted that the officer was paid a total amount of K95,987 when she was on study leave without approval from PSMD. Management had written to the Provincial Agriculture Coordinator to commence disciplinary measures against the erring officer.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately institute disciplinary action against the officers who omitted to carry out their functions which led to loss of public funds as well ensure that all lost funds are immediately recovered without fail. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, and resolves to await a progress report on the matter.

iii. Failure to Remove Paid Pensioners on Payroll - (K284,214)

The Controlling Officer submitted that all the officers retired and were removed from the general payroll and placed on the separatee's payroll, which was managed by the Ministry of Finance. The four retirees from North-Western Province were removed from the separatee's payroll after they were paid their dues. Therefore, they were not paid any salaries thereafter.

The Ministry had appointed an accounting officer under the Department of Finance who was responsible to follow up on all retirees who had been paid their pension in full and ensure that they were removed from the payroll.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that recoveries are immediately instituted using all possible means from the affected retirees, and also to ensure that disciplinary action is instituted against the officers who omitted to carry out their functions which led to loss of public funds. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, and resolves to await a progress report on the matter.

c. Failure to Collect Rental Income – K228,773

In response the Controlling Officer submitted as stated hereunder.

Muchinga Province

The tenants at Chinsali FTC had all paid the outstanding rental income whilst those at Maff Site Travel Lodge had committed to pay within three months.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and not just react to audit queries. The Committee, therefore, recommends that the Controlling Officer should ensure that all the rental income in question is collected without fail. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, and resolves to await a progress report on both matters.

Luapula Province

There were 30 housing units from which rentals were collected by the Mansa Farm Institute. The Institute had been collecting rentals from the tenants occupying all the housing units for the last five years. However, lately out of the thirty housing units, the Ministry had challenges in collecting rentals from five tenants.

The Ministry had issued demand notices to the tenants for the recovery of a total of K 17,000 outstanding rental income. A decision further had been made to evict all the five tenants and rehabilitate the units. The demand notices and commitment letters from the tenants were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately recover all the funds in question and to avail all supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

d. Unaccounted for Stores- K586,877

The Controlling Officer submitted as stated hereunder.

Central Province

At the time of audit, Shibuyunji DACO and Itezhi Tezhi DACO, did not account for stores due to negligence by the officers assigned. As for Chitambo District, the queried stores were for the Ministry of Livestock and Fisheries and not for Ministry of Agriculture, as stated.

The DACOs had since been warned and cautioned against failure to avail documentation to the auditors. However, the stores had since been accounted for.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is immediately instituted against the officers who omitted to perform their functions in Shibuyunji and Itezhi Tezhi. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, and resolves to await a progress report on both matters.

Copperbelt Province

Masaiti DACO wrongly provided the fuel statement for 2021, which was attached to the responses of 2022 audit report, whereas Lufwanyama DACO at the time of audit the District was using tomcards to draw fuel from the filling station without issue notes. As a result, it was difficult to get the vehicle registration numbers.

The 2022 fuel statements for Masaiti DACO were collected and disposal details were available for verification. Lufwanyama DACO engaged the filling station and the vehicle registrations were identified following the tomcard drawings and the statement was generated.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should institute disciplinary action against the officers who omitted to perform their functions in accounting for the stores and also urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

e. Uninsured Motor Vehicles

The Controlling Officer submitted as stated hereunder.

Muchinga Province

The two motor vehicles were non-runners during the period under review as they had some mechanical faults. The vehicles had since been insured and the insurance policy documents were ready for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

Central Province

The motor vehicles and bikes had since been insured and the insurance policy documents were ready for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

f. Maintenance of Infrastructure

i. Kabwe PACO - Kabwe Research Station (ZARI Institutional House)



Dilapidated Low-Cost House



Worn Out Door

ii. Chipata PACO - Msekera ZARI



Dilapidated House

iii. Mansa Farm Institute (FTI)

Some institutional houses at the FTI had broken windows and cracked walls.

iv. Kasama PACO – Misamfu ZARI

The office block and some institutional houses had leaking roofs and cracked floors.

v. Siavonga and Chirundu DACO

Some institutional houses were poorly maintained and dilapidated in that they had damaged doors; broken windowpanes and cracks.

vi. Sesheke and Sefula Farmer Training Facilities



Dilapidated FTI – Sesheke



Dilapidated FTI – Sefula

The Controlling Officer submitted that all the farmer training centres and farmer training institutes were initially being funded by the Government until 2015, when austerity measures were introduced. From 2015, the institutions merely depended on support from cooperating partners who hired services at the institutions. In this regard, the institutes did not have resources to carry out major renovations.

The Committee was informed that the Ministry was in the 2023 financial year rehabilitating forty camp houses at the cost of K56 million and had further provided K25 million in the 2024 budget for the rehabilitation of farm institutes.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the ongoing rehabilitation of infrastructure is completed without fail. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, and resolves to await a progress report.

MINISTRY OF AGRICULTURE: FARMER INPUT SUPPORT PROGRAMME

PARAGRAPH 37

Audit Findings

During the 2022/2023 farming season, the Government targeted to support 1,024,434 beneficiaries in all the 116 districts using the Direct Input Supply (DIS) system. The targeted beneficiaries were

to be supplied with 10,244.34 MT of Maize seed; 10,244.34 MT of Groundnut seed; 12,805.43 MT Soya bean seed; 153,665.10 MT of Urea; and 153,665.10 MT Compound D fertilisers.

An examination of records for the financial year ended 31st December 2022, maintained at Provincial Agricultural Coordinating Offices and forty-five selected District Agricultural Coordinating Offices carried out in May 2023 revealed the following:

- a. Farmers Contributions - K200,691,600
- b. Food Security Pack Beneficiaries Benefiting from FISP Programme

Food Security Pack Beneficiaries on FISP Programme

Table 50

No.	Province	Station	No. of Beneficiaries	Value of Packs K
1	Southern	Choma	83	33,200
		Monze	73	29,200
		Kalomo	111	858,073
2	Northern	Mporokoso	64	25,600
		Mungwi	359	143,600
		Lunte	245	98,000
		Luwingu	54	21,600
		Lupososhi	29	11,600
3	Luapula	Samfya	32	12,800
		Nchelenge	36	14,400
4	Central	Chibombo	133	266,000
		Chisamba	123	246,000
		Chitambo	191	382,000

		Kabwe	331	662,000
		Kapiri-Mposhi	208	416,000
		Luano	362	724,000
		Mkushi	233	466,000
		Mumbwa	167	334,000
		Ngabwe	192	
				384,000
		Serenje	207	414,000
		Shibuyunji	20	40,000
5	North Western	Kalumbila	69	27,600
		Ikelenge	217	86,800
		Chavuma	77	30,800
6	Western	Mongu	20	32434.1
		Kaoma	141	206,157
		Nkeyema	139	222,002
		Luampa	172	259,282
		Nalolo	49	67,749
7	Eastern	Chadiza	150	60,000
		Sinda	337	134,800
8	Lusaka	Lusaka District	32	12,800
		Chilanga District	173	69,200
		Kafue District	338	

				135,200
		Chongwe District	402	160,800
		Rufunsa District	407	162,800
		Luangwa District	48	19,200
	Total		6024	7,269,697

The Controlling Officer submitted that the Ministry had established the District Agricultural Committee (DAC), whose membership included an officer from the Ministry of Community Development and Social Services. Amongst the terms of reference for DACs was to ensure that no beneficiary benefitted from both FISP and FSP.

The duplication was mainly caused by lack of coordination between the Ministries of Agriculture and the Ministry of Community Development and Social Services. The data base maintained at the Ministry of community Development and Social Services had been a manual one, therefore, difficult to integrate with the Zambia Integrated Agriculture System (ZIAMIS). Additionally, the Ministry of Community Development and Social Services registered household heads with vulnerable beneficiaries and received the inputs as head of a household for the vulnerable individual. Such a household head could still qualify for FISP, and be considered as duplication.

As a corrective measure, the Ministry had shared the names of farmer beneficiaries at camp level with the Community Welfare Assistant Committee (CWAC) to avoid the same farmers benefitting from both FSP and FISP. The farmers that benefitted from both programmes had since been untagged and blacklisted and would not benefit from FISP.

The Ministry of Community Development and Social Services had developed an electronic system that would be integrated with the Zambia Integrated Agriculture Management System (ZIAMIS). This would eliminate the possibility of beneficiaries benefitting from both the FISP and the FSP.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to urgently ensure that there is coordination between the Ministry of Community Development and Social Services and the Ministry of Agriculture to avoid a repeat of the query. The Committee further urges the Controlling Officer to ensure that as a matter of urgency, the electronic system that has been developed by the Ministry of Community Development and Social Services is immediately integrated with the ZIAMIS, so as to detect those intending to benefit from both programmes. The Committee also urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

c. Irregular Issuance of Farming Inputs to Civil Servants – (94) The Controlling Officer submitted as stated below.

Southern Province

At the time of beneficiary identification and recruitment, the said civil servants were farmers but during the year, they were recruited by the Government and introduced on the government payroll. The four affected civil servants had since been deactivated from ZIAMIS and asked to pay back the value of inputs collected.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should urgently engage relevant stakeholders and ensure that measures are implemented to prevent civil servants from benefiting from FISP in accordance with the guidelines in the FISP Implementation Manual. The Committee also urges the Controlling Officer to ensure that the civil servants pay for the inputs they collected, at the prevailing market prices, without fail. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

Northern Province

ZIAMIS had no feature to block names of civil servants from depositing the farmer contribution. The eight farmers had been identified by the farmer organisations as civil servants that benefited from FISP. They had been requested to pay for the inputs at prevailing market prices and they had started paying.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer should ensure that the affected civil servants pay for the inputs at the prevailing market prices without fail. The Committee also urges the Controlling Officer to ensure that disciplinary action is immediately instituted against the erring officers and avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

Luapula Province

At the time of registration of farmers for the 2021-2022 agricultural season, all the five queried civil servants were ordinary farmers. The five were employed after the registration process and received the farming inputs before receiving their employment letters.

The Ministry contacted the affected officers and refunds and recoveries had been effected. A total of K32,440 was expected to be recovered, which was the market price of the collected inputs. A total of K 25,951.66 had been recovered so far. The balance of K 6,488.34 was expected to be collected in due course. The deposit slips and pays lips were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the civil servants pay for the inputs they collected, at the prevailing market prices, without fail. The Committee further urges the

Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

d. Unacquitted for Farming Inputs-K532,000

The Controlling Officer submitted that the camp extension officers involved had since been requested to exculpate themselves. All the farmers were followed and had since signed the acquittals for the inputs. The acquitted ATCs and the charge letters to the camp officers were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is urgently concluded on the officers that omitted to perform their functions accordingly. Further, the Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for verification, and resolves to await a progress report on the matter.

e. Undelivered Farming Inputs – Copperbelt Province

In response, the Controlling Officer submitted that the Zambezi Seed Company had delivered the inputs late in the cited districts. At the time of audit, Zambezi Seed Company had not delivered a full allocation.

The DACOs had made follow ups. The inputs were delivered and redeemed by the farmers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that due diligence is properly conducted when giving contracts for the supply of inputs. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

MINISTRY OF AGRICULTURE – AGRICULTURE PRODUCTIVITY AND MARKET ENHANCEMENT PROJECT (APMEP)

PARAGRAPH 38

a. Budget and Funding

The project was financed by the African Development Bank, through the Global Agriculture and Food Security Programme (GAFSP) loan of US\$31,120,000, with the Government of the Republic of Zambia Counterpart contribution of US\$3,610,000. Further, the project received additional financing towards mitigating the impact of Covid-19 on household food security of US\$1,400,000.

The Controlling Officer submitted that the observation by the Office of the Auditor General was acknowledged and this was the correct funding status for the project.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

b. Operational Matters

i. Under Utilisation of Project Funds

Table 51: Budget vs. Actual Performance

Component	Budget (US\$)	Actual (US\$)	Variance (US\$)	% Funding
Agriculture Production and Productivity	1,042,468.42	144,440.15	898,028.27	14 %
Value Chain Development and Market Linkages	487,690.00	67,572.33	420,117.67	14 %
Institutional Strengthening	378,515.00	52,445.48	326,069.52	14 %
Total	1,908,673.42	264,457.96	1,644,215.46	14%

The Controlling Officer submitted that the reason for the limited number of activities undertaken was due to changes in the Project Implementation Unit (PIU), which resulted in delays in the procurement processes.

The Controlling Officer added that most of the funds allocated in 2022, and received in the month of May, were meant for procurement of farming inputs and equipment. The Ministry made some progress to procure more items after the audit, bringing total expenditure to US\$1,294,502.75, representing 67.82 percent absorption by October, 2023.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that in future, only officers competent in project management are given the opportunity to manage such projects in order to achieve the goals. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

ii. Contract Management of Infrastructure Projects

□ Failure to Connect the 136ha Irrigation Scheme (Centre Pivot) to Electricity - Shikabeta Irrigation Scheme

The Controlling Officer submitted that the delay in electrifying the scheme was due to delays in engagement of the contractor to undertake the works. Initially, ZESCO was supposed to undertake the works but the process was cancelled because of disagreement on the issue of the advance

payment and Guarantee. African Development Bank had refused to provide the advance payment requested by ZESCO because the latter could not provide a Guarantee. The procurement process was restarted after a decision between African Development Bank and the Ministry to engage a private contractor to undertake the works.

A contract for the construction of 11,000 meters of 33kV overhead line for Shikabeta Irrigation Scheme, in Rufunsa was finally awarded to a private company on 12th April, 2023. The contractor had since reached 70 per cent completion.

The Committee was informed that only K1,984,455 was available for electrification of Shikabeta Irrigation Scheme out of the contracted sum of K7,048,556.80. The Ministry had since secured the remaining funds to pay the contractor and the works were expected to be completed in 2024.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that, going forward, only competent persons in project management in the Ministry are engaged, to superintend over such huge projects. Furthermore, the Committee urges the Controlling Officer to urgently clear the outstanding Interim Payment Certificates, and ensure that the contract in question is urgently revived to ensure the Shikabeta Irrigation Scheme is completed. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for verification, and resolves to await a progress report on the matter.

□ Failure to Operationalise the Cassava Milling Plant - Mukando Site in Chitambo District

The Controlling Officer submitted that the operationalisation of the Cassava Milling Plant at Chitambo, was hampered by lack of start-up funds for workers' salaries; purchase of raw materials; and installation of ICT equipment, among others. The initial plan was to provide the start-up capital from APMEP under the 2022 Annual Work Plan and Budget.

However, in May, 2023, after the agreement had been signed between the Ministry and Chitambo Milling Company to facilitate the transfer of the funds, the donor, Global Agriculture and Food Security Programme communicated to African Development Bank that provision of start-up capital to Chitambo milling Plant could not be supported under APMEP as the expenditure was ineligible.

The decision by the funders in the middle of the year meant that the Government had to find other sources of funding to support operationalisation of the plant.

The Ministry engaged the Industrial Development Corporation (IDC) as a co-owner of the milling plant to source for funds internally so that the plant could be operationalised.

Further, the Ministry engaged the African Development Bank Country Office requesting that additional funds be sourced from other Bank financed projects to support operationalisation of the Milling Plant.

Funds had since been mobilised from another African Development Bank financed project and the process to transfer the said funds had commenced.

The IDC had also informed the Ministry of Agriculture that they had concluded the recruitment process and the first group of employees was expected to report for orientation and training during the current quarter. As of January 2024, the Cassava Milling Plant had started operating on a pilot basis.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report.

iii. Electrical Mechanised Farming Equipment Delivered to Groups with No Access to Power

Table 52: Delivered Electrical Farm Equipment

Item No	Good or related Service	Quantity (No. of units)	Unit price US\$	Total price US\$
1	Groundnut roasters	29	704.15	20,420.35
2	Sealing machines	67	150.60	10,090.20
3	Egg incubators	5	1,907.15	9,535.75
		101		40,046.30

The Controlling Officer submitted that the agreement prior to the purchase of the electrical powered equipment, was that the cooperatives or women groups were supposed to install the equipment in or around markets or small trading areas in the districts and not necessarily in the villages where beneficiaries resided.

This was on the premise that these locations provided a ready market for the processed products. The Ministry had noted that there were challenges in the management or governance of the groups, resulting in disorganisation in some cases.

The Ministry had assessed the status of the usage of the value addition equipment distributed in the various districts. In cases where equipment was not being used because of power, the district offices had been advised to relocate the equipment to suitable places. The districts had also been guided to work with the communities to improve governance of the groups as provided for in the respective groups’ constitutions.

The status of the matter in respective districts was as follows:

- i. Sinazongwe: all the value addition equipment had been installed in areas where power was available and currently only the egg incubator was not operational because of intermittent power supply at the farmer training centre where it was installed;

- ii. Gwembe: all the value addition equipment except the solar driers were assembled and in use. The solar driers were currently not in use because the batteries finished. Further, the egg incubator faced a lot of operational challenges because of intermittent power supply;
- iii. Rufunsa: the value addition equipment had been assembled and mounted and would become operational once training was conducted;
- iv. Chongwe: the value addition equipment had been assembled, fully mounted and was operational;
- v. Chitambo: the value addition equipment had been assembled and mounted. The equipment that was in use included oil processors, vegetable driers and honey processor. The District would relocate the other equipment to areas with power; and
- vi. Serenje: most of the equipment had not been installed because the district team had not yet visited all the groups to supervise the installation and testing of the equipment after the training. The District planned to visit the groups to install the equipment as training had been conducted.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is instituted against all the officers who could not guide the groups well as regards the installation of the equipment. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for verification and resolves to await a progress report on the matter.

iv. Distribution of Value Addition Mechanised Equipment

- Failure to Sensitise/Train Farmers on the Use of the Value Addition Equipment

The Controlling Officer submitted that it was unfortunate that the contract for the supply of the equipment did not include training on installation and maintenance. In some cases, technicians under the District Agriculture Offices supported the groups to install and operate the equipment. Funds for training on value addition, installation and maintenance of the equipment, agribusiness and cross-cutting issues such as nutrition were released to the six districts. The status was as set out below.

- (a) Twelve groups comprising of forty trainees had so far been trained in Sinazongwe district.
- (b) A total of seventy-three farmers had been trained in value addition in Gwembe District;
- (c) Training was yet to be done and only two groups received demonstrations on how to use the solar driers in Rufunsa District.
- (d) A total of ninety-two groups involving 600 farmers had been trained in Chongwe District.
- (e) A total of thirteen farmer groups with 360 beneficiary farmers were oriented and trained in value addition in Chitambo District.
- (f) A total of thirty-eight groups comprising 54 individual farmer beneficiaries were trained in value addition equipment in Serenje District.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is instituted with regard to the wasteful expenditure observed against the officers involved in the project in question. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for verification and resolves to await a progress report on the matter.

- Failure to Utilise the Value Addition Equipment in Gwembe District

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is instituted against all the officers involved with regard to the wasteful expenditure observed on the equipment which has remained unused. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for verification and resolves to await a progress report on the matter.

c. Accounting Irregularities

i. Unsupported Payments - K745,388

The Controlling Officer submitted that all supporting documents had since been attached to payment vouchers and were ready for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is immediately instituted against all the officers who neglected to perform their functions to avail necessary documentations at the time of audit. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for verification and resolves to await a progress report.

ii. Unacquitted Payments - K455,809

The Controlling Officer submitted that the activity reports and acquittal sheets were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is immediately instituted against all the officers who neglected to avail necessary documentation to the auditors at the time of audit. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for verification, and resolves to await a progress report on the matter.

OFFICE OF THE PRESIDENT - COPPERBELT PROVINCE

PARAGRAPH 39

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K91,858,089, was made to cater for the operations, against which amounts totalling K91,849,657 were released.

As at 31st December 2022, amounts totalling K91, 826,483 had been spent.

The Controlling Officer submitted that the underfunding of K8, 432 was due to Ministry of Finance and National Planning failure to release funds according to the submitted profiles.

Committee's Observations and Recommendations

The Committee notes that the issue of underfunding affects the implementation of planned activities negatively in that a number of them cannot be completed as scheduled. The Committee urges the Secretary to the Treasury to ensure timely release of funding to the Province in order not to affect the implementation of planned activities.

b. Operational Matters - Department of Water Resources Development

i. Failure to Undertake Outstanding Works – (K327,000 Advance Payment Received from Twenty Clients)

The Controlling Officer submitted that the matter remained outstanding in that the only drill rig for the Department of Water Resource Development was still non-functional as it got gutted in September 2021 and there had been delayed repair by the vendor. The vendor who was assigned to repair the rig was taken to court and the matter was still active in court, and documentation was available for verification.

The works relating to thirteen clients out of the twenty were for payments received by the Accounts Assistant but not deposited into the Government account. The Accounts Assistant was dismissed and funds received but not deposited would be recovered from his terminal benefits. Documents were available for verifications.

Works were undertaken for three clients, while two clients were refunded and the remaining two clients paid directly into the Government account and had requested that the works be done at a later stage. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all outstanding works are carried out without undue delay. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

ii. Failure to Repair Drilling Truck - GRZ 885

The Controlling Officer submitted that the failure to repair the rig was attributable to failure by the vendor to fulfill his obligation. The matter was reported to the Attorney General's Chambers for determination. The matter was before the Kitwe High Court. To this end, the vehicle was still not repaired and had remained as a part of the evidence to be used before court of law.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report on the matter.

c. Weaknesses in Managing Payroll and Staff Related Matters

i. Positions on Payroll not Prescribed on Establishment Register

The Controlling Officer submitted that the salary grades PSS 09, PSS11 and PSS12, related to the normal salary scales for officers in their previous departments, namely: Zambia Police Service and Civil Aviation. As for the L1 position, this related to the Assistant Chief Registrar who was a State Advocate.

A follow up letter was written to PSMD to regularise the anomaly and documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of Auditor General for audit verification, and resolves to await a progress report on the matter.

ii. Misplacements of Payroll Area

The Controlling Officer submitted that some positions' (Payroll Sub Area) on the system were domiciled at the Provincial Administration Office and not in individual districts, hence the officers occupying them being deemed misplaced.

Some officers were transferred to districts where their services were needed and formalisation of such transfers was not possible due to non-availability of funded positions.

Corrective measures would imply redirecting all officers administratively transferred back to their payroll stations, a measure that would result in denying some districts much desired services. To allow continuity of service provision in the various districts before seeking Treasury authority for creation of new positions, the officers had been allowed to remain in the districts.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately act in accordance with the guidance in the Cabinet Office Circular No.13 of 2019 and regularise the situation on all affected officers by following the laid down guidelines. The Controlling Officer is further urged to immediately seek Treasury authority for the creation of new positions. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

iii. Failure to Pay Rural Hardship Allowances to Fourteen Deserving Officers

The Controlling Officer submitted that six, out of fourteen officers, were non-civil servants who were in salary scale A and B and thus not entitled to rural hardship allowance. The circular on entitlements for Classified Daily Employees was available for verification.

The remaining eight cited officers, were misplaced and the positions where they were sitting were in areas which did not attract rural hardship, as the allowance was mapped to a position identity number on payroll.

Management was compiling a comprehensive list of all those affected for onward submission to Public Service Management Division (PSMD).

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to immediately avail all supporting documents to the Office of Auditor General for audit verification, subject to which the matter should be closed.

d. Accounting Irregularities

i. Failure to Collect Revenue - District Administration Offices-K147,445

The Controlling Officer submitted that lack of adherence to the tenancy agreements was the cause of the failure to collect revenue. Specifically, the Controlling Officer submitted as stated hereunder.

Mufulira District Commissioner

As at 30th September 2023, K12, 420, had been collected from the reported K18, 280, leaving a balance of K5, 860 still outstanding. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and will await a progress report.

Kalulushi District Commissioner

Helba and Saac General Dealers cleared their outstanding K2,000 while Jefama and Mwandama General Dealers and another tenant were yet to clear their outstanding balances. The Provincial Administration had since engaged the Attorney General with a view to collecting the remaining outstanding rentals. Documentation was available for verification.

Committee's Observations and Recommendations

Committee urges the Controlling Officer to ensure that the rental revenue is collected and avail all supporting documents to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report.

Kitwe District Commissioner

Rentals were collected and used at source by the Acting District Works Supervisor for Kitwe District. The disciplinary process had commenced against the erring officer and documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report.

ii. Unsupported Payments-K217,323

The Controlling Officer submitted that sixteen transactions, related to documents such as job cards, which were requested by the auditors but could not be availed as these were considered internal documents by the vendors.

For the job cards for the vehicles serviced by CFAO Motors (included in this, were fifteen transactions for Provincial Administration and one for Local Government)., The company confirmed, in writing, that they did not issue job cards as these were internal documents. Instead, it guided that the invoices could be relied upon as evidence for the services rendered.

For Kitwe District Administration, a Local Purchase Order, number 1830371 which was a binding contract, was raised and, therefore, the aspect of oral contract did not arise.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the OAG for audit verification, subject to which the matter should be closed.

e. Weaknesses in Management of Assets - 107 Properties

i. Lack of Title Deeds for Properties

The Controlling Officer submitted that the under-staffing at the Survey Department, and limited equipment and transport challenges were the causes. One vehicle had been bought under the Survey Department in an effort to address transport challenges.

The Controlling Officer added that the process of obtaining title deeds was on-going. In this regard, the Department of Survey was funded K210,000 in June 2023 and K25,874.2 on 13th September 2023 for survey of government properties. So far, ten government properties, with site plans were surveyed and one title deed for Copperbelt Provincial Administration was issued out. Documents were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all public properties in the Province under his charge are secured with title deeds as provided for by law. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report.

ii. Failure to Insure Nine Motor Vehicles and Motor Bikes

The Controlling Officer submitted that the motor vehicles and motor bikes were not insured in 2022 due to limited budget allocation and that going forward, the Provincial Administration would ensure that all vehicles and motor bikes were insured. However, one motor vehicle and three motor bikes were insured in 2023 while motor vehicle # ABH 986 was a non-runner and had since been marked for disposal. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that sufficient funds are allocated for insurance of motor vehicles and motor bikes. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report.

f. Management of Stores - Unaccounted for Stores - K730,755

The Controlling Officer submitted that this problem was caused by lack of trained officers at end user department level to handle stores functions. Despite the above scenario, the unaccounted-for stores items in question were duly supported by Goods Received Notes and Goods Issued Vouchers that were signed by the end user departments for their consumption. Further, the Provincial Administration and District Administration Offices did not buy stores items for stocking but stores items were bought based on the needs of the individual departments for immediate use.

Therefore, the end user departments collected procured items from Provincial Administration stores and District Administration stores for immediate consumption, hence there was need to build capacity at end user level.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer, as a matter of urgency, to ensure that competent and trained staffs at end user department level are immediately sourced to handle stores functions. The Committee further urges the Controlling Officer to avail supporting documents to the OAG for audit verification and resolves to await a progress report.

g. Management of Liabilities

i. Failure to Withhold Value Added Tax-K27,332

The Controlling Officer submitted that the cited institutions used the Provincial Administration TPIN but the suppliers were not agreeable to the districts to withhold VAT on their behalf, until after 23rd August, 2022 when the Provincial Administration wrote to all the districts in the Province a letter introducing them as agents.

The three suppliers namely Ndelmelele Contractors; Northgird Investment Limited; and Kapchatech, under Kalulushi District, were not registered for WVAT hence no VAT was to be withheld. Tax registration status and supplier confirmation of remitting VAT withheld to ZRA was available for verification.

ZRA in its letter referenced ZRA/COM/ITE/LSTO/329/2023, to Provincial Administration, dated 26th July, 2023, had since issued guidance that VAT should not be withheld from listed large and

specialised taxpayers, who were also WVAT agents, as they would be withholding and remitting to ZRA on their own. However, for those not exempted, appointed WVAT agents would continue to withhold VAT. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

ii. Failure to Settle Outstanding Liabilities-K4,149,957

The Controlling Officer submitted that lack of funding for arrears in the previous years led to accumulation of the liabilities.

The Controlling Officer further stated that the Provincial Administration was funded through Head 21 to liquidate personnel emoluments amounting to K5,240,407, as well as K963,013.50 funds to clear domestic creditors and accrued expenses for Zamtel bills, Zampost, and Zesco. Documentation was available for verification.

In addition, all Heads of Department had been directed to be liquidating their bills as and when they were funded.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all outstanding liabilities are immediately settled. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

OFFICE OF THE PRESIDENT - NORTHERN PROVINCE GENERAL
ADMINISTRATION

PARAGRAPH 40

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K84,634,534, was made to cater for the operations of the Provincial Administration and K82,707,250 was funded, leaving a balance of K1,927,284. As at 31st December 2022, amounts totalling K82,667,739 had been spent.

The Controlling Officer submitted that the auditors' observations were noted and wished to report that this was a true reflection of the funding received for operations from MoFNP and the balance that remained at the year end.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that Northern Province Provincial Administration is funded according to the allocations in the budget and timely.

b. Failure to Collect Hotel Manager Fees

The Controlling Officer submitted that constant reminders were sent out to operators for the payment of the stipulated fees. However, the Tourism and Hospitality Act, No. 13 of 2015 did not mandate the Ministry to enforce measures on defaulters, which could make operators more compliant. Despite not having the mandate to enforce measures on defaulters, the Department of Tourism had managed to collect K284,420 from 2021 to June 2023.

As a corrective measure, the Office of the Director of Public Prosecutions had been engaged and had since given direction on how to deal with defaulting hotels and lodges. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to comply with the provisions of the law and ensure that the uncollected fees are collected without fail. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report on the matter.

c. Failure to Collect Revenue - K1,270,232

In response, the Controlling Officer submitted that the Ministry of Tourism got its mandate to collect revenue from Section 59 of the Tourism and Hospitality Act, No. 13 of 2015 which required a registered hotel manager to obtain a certificate of registration, practicing certificate or certificate of exemption at prescribed fees. To this effect, the Department sends out constant reminders to operators for the payment of the stipulated fees.

However, the Act did not mandate the Ministry to enforce measures on defaulters, which could make operators, be more compliant. Despite not having the mandate to enforce measures on defaulters, the Department of Tourism had managed to collect K763,290 from 2021 to October 2023.

As a corrective measure, Office of the Director of Public Prosecutions was engaged and had since given direction on how to deal with defaulting hotels and lodges.

Committee's Observations and Recommendations

In this regard, the Committee urges the Controlling Officer to engage the Office of the Attorney General on the way forward on the collection of outstanding funds. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report on the matter.

d. Lack of Safe Facilities - Forestry Departments

The Controlling Officer submitted that Management had since written to the Secretary to Treasury to provide safes for the safe keeping of accountable documents and cash as the custodian of safes, and a response was being awaited.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that the districts in question without safe facilities are urgently supplied with safes. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, and resolves to await a progress report on the matter.

e. Lack of Title Deeds

Table 53: Properties without Title Deeds

No.	District	Number of Properties
1	Mbala	4
2	Mpulungu	5
3	Kaputa	4
4	Mporokoso	4
	Total	17

The Controlling Officer submitted that a steering committee had been put in place to come up with the way forward on titling of government properties in the Province. Starting with Kasama District, a quotation was obtained for surveying of all government properties and the Ministry of Lands and Natural Resources had since funded the activity. Furthermore, two properties had been paid for and the process was ongoing.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report on the matter.

f. Poor Maintenance of Buildings

As regards failure to maintain District commissioners’ houses in Mbala, Kaputa and Mporokoso districts, the Controlling Officer submitted that the Province had put in place a maintenance programme for all the Government buildings in the Province. Considering the fact that the funds available did not permit the rehabilitation of all infrastructure at the same time, the Provincial Administration was rehabilitating government properties in all the districts according to what had been planned. Thus, the Provincial Administration main building, Finance Offices, Internal Audit and Provincial Conference Hall, had been rehabilitated. Furthermore, a budget provision for the second phase had been provided in 2024 budget, which would cater for other Government institutions.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to consider engaging evaluators to help assess if some of the dilapidated buildings are worth renovating. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report on the matter.

g. Failure to Settle Outstanding Bills - K2,594,888

The Controlling Officer submitted that the budget line to settle outstanding personnel arrears was not enough in 2022. Personnel arrears kept on accumulating due to staff attrition, as a result of retirements and deaths as well as staff promotions, recruitments and transfers. For goods and services, the budget ceilings for some departments were not enough to cater for all priority activities.

The Committee was informed that MoFNP gave the Province K12,331,931.67 and K2,396,234.03 in the period under review to dismantle outstanding personal arrears and bills, respectively. This still could not settle all the outstanding arrears.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that outstanding bills for the Northern Province Administration are settled without delay. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

OFFICE OF THE PRESIDENT- NORTHERN PROVINCE GENERAL DEPOSIT ACCOUNT

PARAGRAPH 41

a. General Deposit Account – Funding and Expenditure

The Provincial Administration maintains a General Deposit Account (GDA) which is an intermediary account where third party funds are deposited for implementation of activities on behalf of line ministries and other institutions. During the period under review, the Provincial Administration received funds in the General Deposit Account totalling K13,296,584.84. In addition, amounts totalling K2,263,072 were brought forward from 2021, bringing the total available funds to K15,559,657.

As at 31st December, 2022, amounts totalling K14,062,670 had been spent.

The Controlling Officer submitted that the auditors observations were noted and this was a true reflection of the funding received from MoFNP for operations and the balance that remained at the end of the year.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

b. Management of Youth Empowerment Programme Loans

i. Unsecured Loan Disbursements - K850,000

The Controlling Officer submitted that at the time payments were made, the guidelines which the Ministry of Youth, Sport and Arts provided were not clear on insurance, as it was not indicative at which stage the borrower should insure the loan. Reference was made to the guidelines for 2020 on page 5, section 8.

As a corrective measure, the Ministry of Youth, Sport and Arts had revised the guidelines on repayment of loans by doing away with loan insurance. Further those who defaulted would be blacklisted.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that there is thorough collaboration between the Ministry of Youth, Sport and Arts and the Provincial Administration so that all unclear issues are dealt with before disbursement of funds. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

Failure to Recover Loans - K1,683,771

The Controlling Officer submitted that loan repayments by beneficiaries were made directly to the Ministry of Youth, Sport and Arts account and not the Provincial Administration account. This had made it difficult to ascertain the total amounts recovered to date. The Provincial Administration, however, had been making efforts to contact beneficiaries in writing and had been constantly calling them to honour the obligations.

As a corrective measure, the Ministry of Youth, Sport and Arts had started emphasising giving grants instead of loans to viable youths.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to collaborate with the Ministry of Youth, Sport and Arts and ensure that this matter is urgently reported to the Office of the Attorney General for further guidance. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

c. Failure to Remit Committee of Survey Funds to Treasury-K194,348

The Controlling Officer submitted that all the receipted funds were remitted to Ministry of Finance and National Planning, except for K194,348, which was meant to refund bidders with unresolved issues. From the K194,348, a sum of K10,000, had already been claimed, leaving a balance of K184,348. The Committee was informed, further, that the K184,348, which was meant for unresolved issues had also been remitted to the Treasury accordingly.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

OFFICE OF THE PRESIDENT – WESTERN PROVINCE

PARAGRAPH 42

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K102,687,452 was made to cater for operations of the Provincial Administration and was fully funded. As at 31st December 2022, amounts totalling K102, 683,717, were spent.

In addition, the Provincial Administration raised amounts totalling K5,450,193 for the Western Investment Expo from various stakeholders, out of which K4,297,057, had been spent, leaving a balance of K1,153,136.

The Controlling Officer submitted that the balance of K3,735, which remained unspent from the operational funds, were aggregate ledger balances on several departmental lines that could not be spent by the departments as they were not sufficient to cover any activity due to their materiality. Further the balance of K1,153,136 under the Western Province Investment Expo remained unspent as they were still spending.

Committee's Observations and recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for audit verification and awaits a progress report on the matter.

b. Management of Payroll and Staff Related Matters

□ Overpayments of Salaries to Officers - K31,606.

The Controlling Officer submitted that two out of the (i.e stadium caretakers) six officers, were correctly paid in their salary scales of B, despite the Establishment Register showing A, which was an error. The erroneous salary scales had since been corrected in the 2023 Establishment Register.

One officer, a Mr Daka had a correct appointment letter with a correct salary scale but placed on a higher notch due to the anomaly in Circular No. B 19 of 2015, which stated that "Certificate holders currently in service shall be placed in salary scale F notch 6". This had since been corrected.

The other three officers were placed in wrong salary scales due to errors on their appointment letters showing a higher salary scale, resulting in an overpayment of salaries. The Ministry had commenced recoveries and which were running. Management had since written to PSMD to have their appointment letters corrected. So far two letters had since been normalised, remaining with one officer.

Committee's Observations and recommendations

The Committee urges the Controlling Officer to ensure that routine payroll audits are conducted in order to avert the recurrence of such queries. The Committee also urges the Controlling Officer to ensure that salaries wrongly paid to officers are recovered without undue delay and avail supporting documents to the OAG for audit verification. The Committee will await a progress report on the matter.

□ Officers on Payroll but not Staff Returns

The Controlling Officer submitted that these officers belonged to the Ministry of Agriculture and Ministry of Fisheries and Livestock, and hence, did not appear on the staff returns for Provincial Administration during the period under review.

The Controlling Officer also submitted that the officers remained on the payroll during the time the ministries were under Provincial Administration in 2017 and they had since been moved to their respective line ministries' payroll. This was submitted for verification.

Committee's Observations and recommendations

The Committee notes the response and urges the Public Service Management Division to be proactive and ensure that there is proper coordination of transfers and recruitments within the MPSAs. The Controlling Officer is also urged to ensure that payroll audits are conducted routinely in order to prevent such queries from reoccurring. The Committee recommends the matter for closure.

□ Irregular Payment of Salaries to an Officer who had not Reported - K222,453

The Controlling Officer submitted that the input on the payroll for inter province, was done by the super users at the PSMD. Efforts were made to have the officer's salary blocked. A new officer had since reported.

The Controlling Officer also submitted that the funds could not be recovered, as the officer was working under MoFNP and in line with Public Service Management Division Circular No. B7 of 2015, an employee on suspension or otherwise, must be paid all his salaries and any other entitlements up to the date of his dismissal.

Committee's Observations and recommendations

The Committee also urges the Controlling Officer to avail relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

□ Irregular Payment of Salaries to Dismissed Officer - K103,140

The Controlling Officer submitted that Management regretted the delay in terminating the officer from the payroll. The funds that were irregularly paid had since been recovered from his terminal benefits, amounting to K41, 562.09 for the period under review.

Committee's Observation and recommendation

The Committee urges the Controlling Officer to institute punitive measures against the officers who failed to ensure that the salary of the dismissed officer was blocked on the payroll. The Committee also urges the Controlling Officers to ensure that the outstanding balance is collected without undue delay and avail supporting documents to the OAG for audit verification. The Committee further urges the Controlling Officer to enhance internal controls at the Provincial Administration in order to prevent the reoccurring of the query. The Committee resolves to await a progress report on the matter.

c. Infrastructure Development

i. Construction of Wall Fence – Social Welfare Mongu

- Irregular Payment-K169,978 & Poor Workmanship

The Controlling Officer submitted that Phase II of the wall fence, was completed. He stated that there were adjustments in the scope of work, due to insufficient funds. The following items were adjusted (removed):

- plastering to block work internally and externally;
- concrete coping laid to fall;
- soft wood formwork to sides of coping; and
- softwood to soffits of coping.

Following the adjustments to the scope, Phase II of the wall fence was complete. The works done were equivalent to what was paid for. The payment was made on Friday, 29th December, 2022, and not on 23rd December, 2022, as observed.

The Controlling Officer also submitted that the funds for the construction of the wall fence were a supplementary from the previous year 2021. Therefore, a decision needed to be made before the funds would be mopped back to the Treasury. In addition, there was also a request from the contractor to be paid in full before he could proceed with Phase II of the works as he had financial challenges and still owed money from Phase I.

Management called for a meeting to discuss the way forward vis-a-vis to avoid losing out on the funds which were already a supplementary from the previous year and resolved to pay the contractor.

The Controlling Officer further submitted that it was due to the above-said reasons that the contractor was paid in full on Phase II as he was still owed money from phase I and to avoid losing out on the funds due to mopping by the Treasury. Furthermore, the Committee was informed that the contractor was closely monitored and supervised, and the work had since been completed as agreed.

Committee's Observations and recommendations

The Committee expresses displeasure at the gross abrogation, with impunity, of the procurement regulations exhibited by the Provincial Administration. The Committee urges the Controlling Officer to institute punitive measures against the Procurement Officers who failed to adhere to the regulations of the Public Finance Management Act, No.1 of 2018 and the Public Procurement Act, No.8 of 2020. The Committee also urges the Controlling Officer to be proactive and enhance internal control measures to ensure that there is adherence to the stipulated guidelines. The Committee resolves to await a progress report on the matter.

OFFICE OF THE PRESIDENT - EASTERN PROVINCE

PARAGRAPH 43

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K84,648,321, was made for operations against which amounts totalling K83,743,245, were released resulting in an under-funding of K905,076.

As at 31st December, 2022, amounts totalling K83,655,025 had been spent leaving a balance of K88,220.

The Controlling Officer submitted that a total provision of K84,648,321, was made to cater for operations during the financial year ended 31st December 2022. He added that it was also true that K83,743,245 was released, resulting in an under-funding of K905,076. Of the K83,743, 245 released, K83, 655,025, was spent, leaving a balance of K88,220. The unspent balances represented the aggregated balances from various departments which could not be spent individually by departments.

Committee's Observations and Recommendations

The Committee notes that the issue of underfunding affects planned activities negatively in that a number of them cannot be completed as scheduled. The Committee urges the Secretary to the Treasury to ensure that the Province is funded in full as per the budgetary allocation and the funds are released timely. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

b. Misplacement of Payroll

The Controlling Officer submitted that the misplacement of the officers was as a result of the creation of five new districts, namely; Chasefu; Chipangali; Kasenengwa; Lumezi; and Lusangazi.

As a result of the creation of the stated districts, the Province needed to bridge the human resource gap, as the districts had to be operationalised. In order to address this, management had been requesting for Treasury authority for various categories of staff.

Due to financial constraints, partial authority was granted in 2018, 2022 and 2023 respectively and issuance of Treasury authority for the remaining positions was deferred to 2023. The partial

Treasury authority for 2023 had been granted but did not cater for the thirteen positions queried by the auditors. Management had however, continued to make follow ups for Treasury authority for the remaining positions.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to ensure that Treasury authority is urgently granted in respect of the thirteen positions queried. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

c. Department of Water Resources Development (DWRD)

i. Failure to Complete Rehabilitation of Mwase Dam within the Agreed Period In response, the Controlling Officer submitted that the works at Mwase Dam were ongoing and would be completed within the stipulated time frame. The works could not be completed in time due to the high-water levels in the area and the long distance from which concrete materials were being ferried from.

The contractor had to temporarily suspend the construction works for a period of four months from January 2023 to May 2023 and that the construction materials had to be ferried from Chipata District to Mwase in Lundazi District.

As of October, 2023, the status of the Dam was as highlighted below:

- The reshaping of the dam embankment, which was part of the earth works, would be done during the completion part of the works.
- The super structure on the spillway was constructed as shown below:



The works were standing at approximately 81 per cent complete thus far, with the earth works, as the only remaining works.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

d. Failure to Maintain Institutional Properties-Provincial Administration office Blocks The Controlling Officer submitted that that failure to carry out major works was as a result of inadequate resources in the period under review.

Against the Bill of Quantities (BoQ) in amounts totalling K4,920,850.91 for the rehabilitation of the Provincial Administration, Management had made a budget provision of K2,700,000 in the 2024 budget towards the rehabilitation of the Provincial Administration Block.

Despite the inadequate funding for major rehabilitation works, the Preventive Maintenance Department had been carrying out minor rehabilitation works around the Provincial Administration and other government properties.

The Provincial Administration would allocate funds annually for major rehabilitation works of government properties across the Eastern Province.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that rehabilitation works budgeted for in the 2024 budget are undertaken without un due delay and without fail. The Controlling Officer is further urged to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter

e. Failure to Settle Outstanding Bills-K3,527,799

The Controlling Officer affirmed that this was the position during the previous financial year. Great strides had been made with regard to settling outstanding bills.

With the assistance from the Treasury, Management had since settled all the other personal emoluments amounting to K3,352,000.

With arrears in amounts totalling K126,000 owed for postal rentals, amounts totalling K90,400, were paid leaving a balance of K35,600. The outstanding arrears had been budgeted for in the 2024 Budget, where a budget provision for dismantling arrears, amounting to K500,000 had been made.

From January, 2023, Management had discouraged the accumulation of arrears by ensuring that all payment requests were fully supported by the availability of funds.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter

f. Background - General Deposit Account

i. Budget, Funding and Expenditure

During the financial year ended 31st December 2022, a total amount of K8,248,918, was received to cater for various activities in the Province on behalf of ministries and other institutions. In addition, there was a balance of K3,950,942 brought forward from 2021, bringing the total funds available to K12,199,860 during the period under review. As of 31st December 2022, amounts totalling K6,374,747 had been spent, leaving a balance of K5,825,113.

The Controlling Officer submitted that the unspent balance of K5,825,113, was attributed to activities that were in the process of implementation, such as the Youth Internship activities, delayed implementation of the Kapata Multipurpose Theatre due to inadequate funds, procurement processes with regards to funds meant for the Provincial Planning Unit and contractual obligations that required issuance of Interim Payment Certificates with regard to construction works for Vubwi District Administration and National Registration Offices.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

ii. Failure to Implement Funded Programme – Construction and completion of Kapata Multi-Purpose Theatre

The Controlling Officer submitted that management could not proceed with the works due to insufficient funds. The BoQ for the works stood at K9,524,165.47, out of which the Ministry of Tourism funded amounts totalling K2, 400,178, leaving a shortfall of K7,123,987.47.

Management had since engaged the line Ministry for financial assistance towards the completion of the Kapata Multi-Purpose Theatre.

Committee's Observations and Recommendations

The Committee urges the Provincial Administration to immediately set up a project management system that will see to it that the project is implemented in a phased approach. In this regard, the Committee further urges the Controlling Officer to ensure that the available funds are applied to the project as further engagements continue with the line Ministry for financial assistance towards the completion of the project. The Committee resolves to await a progress report on the matter.

OFFICE OF THE PRESIDENT - LUAPULA PROVINCE

PARAGRAPH 44

a. Budget Provision, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K85,090,677, was made to cater RDCs activities and personal emoluments and the whole amount was released.

As at 31st December, 2022, amounts totalling K84,905,335 had been spent.

The Controlling Officer submitted that the Province was funded at the end of the year and could not spend all the funds and carry out all planned activities. However, Management had engaged the Treasury to be funding programmes and activities at an appropriate time so that activities could be implemented accordingly.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of Auditor General for audit verification subject to which the matter should be closed.

b. Failure to Meet Target Output - Economic Development and Natural Resources Programmes

Table 54

No.	Sub-Programme	2022 Budget	2022 Actual	Budget variance	Budget % Variance
1	Number of Title Deeds processed	450	167	(283)	-63%
2	Number of Offer Letters Issued	650	375	(275)	-42%
	Survey				
3	Cadastral Surveys undertaken	1,400	713	(687)	-49%
	Labour				
4	Number of Private Firms inspected	140	109	(31)	-22%
	Public Infrastructure				
5	Number of public infrastructures monitored	24	13	(11)	-46%
	Forestry Based Business Promotion				
6	Number of Cooperatives Trained in Farm Community Agro forestry Nurseries	10	0	-10	-100%
7	Number of individual Farmers Trained on Farm Community Agro forestry Nurseries	40	0	-40	-100%

The Controlling Officer submitted as set out below.

- a) Title Deed, Offer Letters Issued to Developers and Proportion of Land Surveyed
Management had embarked on advertisement campaigns and sensitising land-applicants, as well as engaging Local Authorities on the importance of acquiring title deeds.
- b) Private Firms Inspected

Management had enhanced the budgetary allocation for the Labour Department for the year 2024 to enable them carry out inspections across the Province effectively.

c) Public Infrastructures Monitored

The Department undertook thirty-one monitoring activities, which included preparation of BoQ and estimates for government structures in eleven districts of Luapula Province. The infrastructure monitoring report was available for verification.

d) Number of Cooperatives Trained in Farm Community Agro Forestry Nurseries

Only three cooperatives attended the training at the meeting points out of the 10 invited.

Three cooperatives namely: Nsamba Multipurpose; Matongo; and Kawama were trained out of the ten targeted cooperatives that were invited in farm Community Agroforestry Nurseries. Management could not train all the targeted cooperatives due non-attendance of the participants. The activity report was available for audit verification.

Management had engaged civic and traditional leaders on the importance of training cooperatives.

e) Number of Individuals Farmers Trained on Farm Community Agro Forestry Nurseries

Management trained thirty-five individual farmers from the three cooperatives out of the forty targeted farmers from ten cooperatives.

The Department could not achieve the target to train forty farmers because the other seven cooperatives did not send representation. The activity report was available for audit verification. Management had engaged civic and traditional leaders on the importance of the training cooperatives.

Management had further written to the Ministry of Finance and National Planning requesting them to provide mentorship training for Heads of Department on the formulation of realisable and reasonable output targets.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the officers in the Province prepare realistic output targets. The Committee further urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

c. Weaknesses in Managing Payroll and Staff Related Matters

i. Positions on Payroll Not on Establishment Register - 148 positions

The Controlling Officer submitted that the merging and separation of the payroll area of the Ministry of Agriculture; Ministry of Fisheries and Livestock; Ministry of Education; and that of Luapula Provincial Administration was done centrally by PMEC. Management had no control over

the merging and separation of the payroll area, However, Management had since engaged PSMD to rectify the anomaly.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, and resolves to await a progress report on the engagement with the PSMD to rectify the anomaly.

ii. Misplacement of Payroll Area

The Controlling submitted as set out below.

- (a) Mr Zaza - Deputy Commission Secretary, Local Government Service Commission: The officer's payroll position had been normalised and was now sitting on the Local Government Service Commission payroll. The officer's pay slip was available for audit verification.
- (b) Ms. Mildred Chigani - Community Development Assistant (CDA): Management had engaged the concerned Ministry and Copperbelt Provincial Administration to facilitate the payroll transfer of the officer expeditiously.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, and resolves to await a progress report on the matter.

iii. Delayed Removal of Separated Officer from the Payroll

The Controlling Officer submitted that the delayed disposal of the officer's case by PSMD caused the query. However, part of the monies owed to Government had been recovered from the leave terminal benefits of the affected officer and the remaining balance would be recovered from NAPSA contributions.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is commenced against all the officers that neglected to prevent loss of public funds and avail all supporting documents to the OAG for audit verification. The Committee resolves to await a progress report on the matter.

d. Unsupported Payments - K47,379

The Controlling Officer submitted that unretired imprest, amounting to K19,398.32 had been recovered from the officers concerned and other unsupported payments, amounting to K27,980.73 had since been supported with all relevant documents and receipts. In addition, Management would continue engaging MoFNP to expedite the issuance of proof of payments.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is commenced against all the officers that neglected to prevent loss of public funds and avail all supporting documents to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

e. Unaccounted for Stores - K57,633

The Controlling Officer submitted that the cause of the query was that there was no qualified stores officer to manage stores. However, all stores items had since been accounted for and a qualified stores officer had since been redeployed to manage the Stores Office.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, and resolves to await a progress report on the matter.

f. Management of Liabilities

i. Failure to Remit Pay as You Earn - K45,498

The Controlling Officer submitted that all payroll tax deductions were remitted through payroll. Further, Management had written to the MoFNP for guidance on how payroll recoveries could be made directly to ZRA.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification, and will await a progress report on the matter.

ii. Failure to Settle Outstanding Bills-K5,529,366.98

The Controlling Officer submitted that the obligations could not be paid due to budgetary constraints during the previous financial periods. The Controlling Officer further submitted that most of the outstanding arrears had been settled through funds provided by the Ministry of Finance and National Planning, as well as from the 2023 budgetary provision. Management had provided for funds in the 2024 Budget to clear all outstanding debts.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the outstanding bills in question are urgently cleared. The Committee further urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report on the matter.

g. General Deposit Account

i. Funding and Expenditure

Table 55

No.	Source of Funding	Program/Activity	Funds Received K
1	Opening Balance	Various	288,884
2	Ministry of Youth	Youth Empowerment Program	1,194,957
		Anti- Gender Violence Activities	55,000
3	Cabinet Office	Funeral for late Hon. Peter Chanshi and Chief Nshimba	251,446
		Presidential Visit	632,525
		Rehabilitation of Minister's house	700,000
4	Ministry of Infrastructure	Operations	122,413
5	Office Equipment	Operations and procurement of equipment	411,000
6	Ministry of Local Govt	Prov. Local Govt office operations	100,000
7	Ministry of Transport & Logistics	Transport Operations	30,200
8	Ministry of Tourism	Operations	17,016
		Traditional ceremonies	63,228
		National Day of Prayers	10,000
		Launch of tourism information center and Samfya arts festival	74,300
	Ministry of Finance	Consolidation of 8th NDP	100,374
	Cash Deposits	College HIV debate, tender documents, refunds and reversals	145,282
	Total		4,196,625

The Controlling Officer submitted that the funds in question were received towards the end of December 2022 from various ministries. Management committed and applied for retention of funds which was granted by the Ministry of Finance and National Planning.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

ii. Uncompetitive Procurements

The Controlling Officer submitted that the tender and procurement processes were done by the Ministry of Transport and Logistics Headquarters. The Committee was informed that the Ministry of Transport and Logistics was engaged to furnish the Provincial Administration with documents that were used in selecting the bidders. The quotations and invoice were available for audit verifications.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification, subject to which the matter should be closed.

OFFICE OF THE PRESIDENT (SOUTHERN PROVINCE)

PARAGRAPH 45

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2022, a total provision of K102,856,159, was made to cater for operations at the Province and the whole amount was released by the Treasury.

As at 31st December, 2022, amounts totalling K95,194,425 were spent, leaving a balance of K7,7689,731.

In addition, amounts totalling K26,058,914, comprising K24,763,985 and K1,294,928 from line ministries and locally generated funds, respectively meant for various activities were received and there was a balance of K7,591,657 brought forward from 2021, bringing the total available funds for expenditure to K59,807,350.

As at 31st December, 2022, amounts totalling K40,920,297 had been spent, leaving a balance of K18,887,054.

The Controlling Officer submitted that the balance was substantially for multi-year programmes and Treasury and Parliamentary authority to retain the funds and spend in the current year was obtained.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report on the matter.

b. Weaknesses in Managing Payroll and Staff Related Matters

i. Irregular Payment of Rural Hardship Allowances - K60,178

The Controlling Officer submitted that the observation by the Auditor General was noted. However, the matter was verified by the Auditor General, leaving a balance of K8, 737.08. The

balance related to a retired office orderly who retired in 2020 and who had indicated that she was not in a position to repay the amount.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the irregularly paid allowances are recovered by exhausting all the avenues available including from pension benefits. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report on the matter.

c. Weaknesses in Managing Assets

i. Failure to Maintain Properties – District Administration – Choma

The Controlling Officer submitted that the observation by the Auditor General was noted. However, the matter was under the Ministry of Infrastructure and Urban Development, which managed the Infrastructure Maintenance Fund.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the provisions under section 41(1) of the Public Finance Management Act, No. 1 of 2018, are complied with, and to see to it that measures are immediately put in place to maintain the government properties in question. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for audit verification and resolves to await a progress report on the matter.

ii. Failure to Maintain Government Properties – Kalomo District Commissioner's Office (Departments of Labour, Forestry, Preventive Maintenance, Water Affairs and District Administration)

The Controlling Officer submitted that the matter was under the Ministry of Infrastructure, Housing and Urban Development, which managed the Infrastructure Maintenance Fund.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the provisions under section 41(1) of the Public Finance Management Act, No. 1 of 2018, are complied with, and to see to it that measures are immediately put in place to maintain the government properties in question. Furthermore, the Committee urges the Controlling Officer to avail all supporting documents to the OAG for audit verification and resolves to await a progress report on the matter.

iii. Failure to Avail Lease Agreements for 58 Properties - Livingstone District Commissioner's Office

The Controlling Officer submitted that the the matter was under the Ministry of Infrastructure, Housing and Urban Development, which managed the Infrastructure Maintenance Fund.

Committee's Observations and Recommendations

The Committee finds the response unacceptable and urges the Controlling Officer to ensure that lease agreements for the thirty-two government properties occupied by non-civil servants are urgently generated without fail. The Committee resolves to await a progress report on the matter.

PART III

LOCAL TOUR TO COPPERBELT, CENTRAL AND SOUTHERN PROVINCES

Background

The Committee undertook a local tour to the Copperbelt; Central; and Southern Provinces. The objective of the tour was to augment the Auditor General's findings on selected matters in the Reports of the Auditor General for the Financial Years Ended 31stDecember, 2020, 2021 and 2022, with primary evidence.

Arising from the tour and subsequent interactions with various stakeholders, including the Offices of the Auditor General; Accountant General; Controller of Internal Audit; Provincial Directors of Engineering; Provincial Administrations of Central and Copperbelt Provinces; and some contractors found on some sites, the findings of the Committee were as set out hereunder.

a. Mpongwe District – Abandoned Farm and Equipment (Ministry of Education, 2022 Audit Report)

Management of Farm-Kitwe District Education Office

It was reported in the Auditor General's Report that Kitwe District Education Office (DEO) maintained a 20-hectare farm in Mpongwe District. According to a report dated 13thJanuary 2020 by the DEO, the farm project was acquired and implemented between August 2017 and January 2020 for purposes of fundraising to improve schools in the District and the day to day operations of the DEO.

The Auditor General's Report further stated that during the implementation period, the office procured assorted assets for the farm at a minimum estimated total cost of K780, 406. These were:

- i. one tractor at K270,003;
- ii. a disc plough at K42,049, 45;
- iii. cattle at K145,000;
- iv. 100goats at K26,000;
- v. two houses K18,140;
- vi. 1x 30 slabs at K13,805;
- vii. one-disc harrow at K95,960;
- viii. a boom sprayer at K57,428; and
- ix. a planter at K112,020.

Other items included a chainsaw machine; motorbike (Yamaha); and three sprayers whose values could not be ascertained. A review of records and physical inspection by the Auditor General carried out in March 2023 revealed the following:

i. Abandoned Farm and Equipment

It was observed that the farm was non-operational and there were no activities taking place and the farm was over grown with grass/trees while equipment such as the boom sprayer and plough had been abandoned and were deteriorating in state. As at 31st August 2023, the farm had been deserted and was only manned by a caretaker.

ii Failure to Account for Assets-Farming Equipment and Biological Assets

• Failure to Update the Asset Register

As at 31st August, 2023, the Asset Register maintained at Kitwe DEO was not updated with the farming equipment and biological assets.

• Farming Equipment

Farming equipment, namely; chainsaw machine; motorbike; tractor; disc plough; and planter were not accounted for in that they were neither at the farm nor at Kitwe District Education Office.

• Cattle and Goats

There were no animals (cattle and goats) at the farm. Inquiries made with Management revealed that the cattle and the goats died of a disease outbreak. However, only six death certificates for cattle were availed and verified, leaving a balance of thirty-nine cattle and 100 goats unaccounted for.

During the local tour to the Copperbelt, the Public Accounts Committee visited the farm in Mpongwe and found that there was actually nothing taking place at the farm. The Committee was informed that there was currently no paper work to properly indicate ownership of the farm in question. The Committee established during the tour that the farm was bought using funds that were donated to the Kitwe DEBS by schools in Kitwe. Further, the Committee discovered that the boom sprayer and plough that were reported abandoned at the farm, were no longer there and that there was no caretaker at the farm. The Committee also visited Kitwe College of Education to check on the farm equipment highlighted above which could not be accounted for at audit, as it was moved from Ndola to Kitwe. The Committee discovered that the Yamaha motor bike reported by the auditors was not among the properties at the farm. The Committee further discovered that one sprayer and a tyre for the planter were also missing.

Committee's Observations and Recommendations

The Committee observes that there is a huge disconnection between the Ministry of Education and the farm in Mpongwe. In light of the above, the Committee urges the Controlling Officer in the Ministry of Education to get interested in this matter and see to it that proper documentation to prove ownership of the farm is immediately obtained. Further, the Committee urges the Controlling Officer to ensure that the roadmap to revive the farm is put in place. On the unaccounted-for animals and other items, as well as the farming equipment which was not accounted for at audit

but was later taken to the Kitwe College of Education, the Committee urges the Controlling Officer to ensure that these matters are reported to the relevant investigative wings in order to establish what actually transpired.

b. Disaster Management and Mitigation Unit - Borehole Drilling and Installation of Six Hand Pumps in Mufuchani area in Kitwe (Auditor General's Report, 2021)

It was reported in the Auditor General's Report that on 29th January 2021, the Provincial Administration engaged Alitheme Enterprises to drill 6 x 50 meters boreholes and installation of Mark II hand pumps, at a cost of K402, 000 (K67, 000 each) in Mufuchani area in Kitwe. However, there were no competitive quotations; list; and invitation for bidders availed for audit verification. Further, the invoice did not show the breakdown of the cost such as drilling, casing and hand pumps, among others.

A physical inspection carried out in March 2022 by the Auditor General, revealed that three out of the six hand pumps, were not working and there were no aprons slabs constructed around all the boreholes.

During its tour to Mufuchani, the Public Accounts Committee was informed that the six boreholes only operated for about a year and six months and all broke down. However, with the help of USAID and a local pentecostal church, two boreholes were rehabilitated and of the six boreholes, they were the only ones that were operational. On the audit queries, the Committee noted that the status remained the same, as no documentation was produced by the Provincial Coordinator to answer the queries from the Auditor General, among which was the need to show the breakdown of the cost of drilling one borehole which was at K67, 000 each. The Committee further observed that in some boreholes there was no evidence that the aprons slabs were constructed around them all.

Committee's Observations and Recommendations

The Committee notes that four boreholes in Mufuchani are not operational, and in some cases, this is as a result of mechanical issues with the hand pumps. In this regard, the Committee urges the Controlling Officer to get interested in this matter and see to it that a clear roadmap is urgently put in place to ensure that the four non-operational boreholes are immediately rehabilitated. Further, the Committee urges the Controlling Officer to urgently avail a full report to the Office of the Auditor General to show a breakdown of the cost of drilling one borehole at K 67,000 during the year under review for verification. Furthermore, the Committee urges the Controlling Officer to consider reporting this matter to the relevant investigative wings in order to help establish how one borehole could cost K 67,000 during the year under review.

c. Construction of a Modern Market and a Bus Station at Kamuchanga (Ministry of Local Government and Rural Development, 2021 Audit Report)

- i. As at 31st May, 2022, the project had been delayed for a period of nine years and five months;
- ii. contract sum was at K15,766,196.86;

- iii. certified works amounted to K9,054,392.97; iv. amount paid was K9,054,392.97; and
- v. project was at 85 per cent completion.

During the local tour, the Committee noted that the contract for the project was terminated in July, 2019 after the contractor abandoned the site, with works at 85 per cent complete. The Council was granted authority to complete the remaining works on 16th July, 2019 and was paid an amount of K 3,000,000 which was requested for the remaining works. The Committee observed that despite the Council receiving the amount of K3, 000,000, that is, K800, 000 in 2018 and K2.2 Million in 2021, which the local authority requested for, to complete the market, the records showed that works were still at 85 per cent.

The Committee observed that the local authority had not yet retired the amount of K 2.2 Million to Government. Further, the Committee was informed that among other reasons, for the delay to complete the project was non-inclusion of connection of electricity to the market, as well as landscaping in the initial BoQ. The Committee observed that the delayed completion of the market was mainly due to negligence of work both by the Ministry of Local Government and Rural Development, as well as the local authority due to variations in the project. The Committee observed during the tour that the local authority did not even have an engineer's estimates for the remaining works of 15 per cent, creating a lot of doubt on whether or not the Council had proper plans to complete the remaining works.

Committee's Observations and Recommendations

The Committee notes that the Local Authority has exhibited poor project execution with regard to the works on the market. In this case, the Committee urges the Controlling Officer to immediately avail a full report on the delayed construction of the market to the Office of the Auditor General for verification. The Committee further urges the Controlling Officer to carry out an evaluation on the remaining 15 per cent works to properly determine the cost of the remaining works.

Furthermore, the Committee urges the Controlling Officer to ensure that a new contractor is immediately sourced to complete the remaining works as the Local Authority has proved to have no capacity to do so, but should only be left with supervision of the works. The Committee further urges the Controlling Officer to ensure that the K2.2 Million that was funded to the project in 2021, is retired without fail.

d. Construction of the Musakashi South Irrigation Scheme (Ministry of Agriculture, 2021 Audit Report)

- i. contract period was from 1st February, 2017 to 31st August 2018 but the completion date was revised to 30th April, 2019;
- ii. contract sum was at US\$6,153,049.50
- iii. amount paid was US\$ 4,685,851.67; and
- iv. project was at 90 per cent completion.

During the local tour, the Committee was informed that works stood at 95 per cent completion. The Committee was informed that the contract with Lamasat International was terminated as a result of delaying to complete the project. However, Lamasat International still owed the Government an amount of 800, 000 US Dollars. The Committee was informed that efforts to recover the 800,000 US Dollars from Lamasat International were under way and that the matter was before the Office of the Attorney General. Further, the Committee was informed that the BoQ for the remaining works, which also included a new component of provision of domestic water to the residents, stood at 520, 000 US Dollars. The Committee was informed that efforts to engage a new contractor to complete the works had reached an advanced stage and the matter was before the Office of the Permanent Secretary.

Committee's Observations and Recommendations

The Committee notes that Lamasat International still owes the Government a total sum of 800,000 US Dollars, yet there is no running contract with the company. Further, the Committee notes that this matter is before the Office of the Attorney General. In this regard, the Committee urges the Controlling Officer to urgently ensure that the public funds amounting to 800,000 US Dollars owed to Government are recovered from Lamasat International without fail and a report on the recovery furnished to the office of the Auditor General for verification.

The Committee further urges the Controlling Officer to ensure that a new contractor is quickly engaged to complete the remaining works on the project.

e. Ndola District– Weaknesses in the Management of Youth Empowerment Funds (Provincial Administration Copperbelt Province, 2021 Audit Report)

It was reported in the Auditor General's Report that in August 2020, the Ministry of Youth, Sport and Arts developed a multi-sectorial development strategy to empower the youth with loans, skills development and agriculture support, among other strategies. Those eligible to access the loans were registered youth groups, companies or clubs owned by the youths that were between ten and thirty in number and had access to land or an area where the farming activity could be undertaken. Further, the members needed to possess a Green National Registration Card and be aged between 18 to 35 years.

During the period under review, a total amount of K8, 966,141 for Agriculture component (K2, 946,141) was disbursed to ten (10) districts in the province, including K 273,663 for Ndola District.

The following were observed:

i. Failure to Sign Loan Agreement Forms

Youth Empowerment Guidelines No. 13.4 (ix) stipulated that the benefiting youth, cooperatives/enterprises would be required to sign a binding loan agreement form before the loan could be issued to them.

Contrary to the guidelines, inputs costing K1, 310,944 were issued to forty-eight youth cooperatives in five districts without signing loan agreements. Eighteen of such Cooperatives were 18 from Ndola District.

ii. Failure to Recover Loans - Agriculture Input Loans

Clause 11.5 (ii) and (iii) of the Youth Empowerment Programme Guidelines of 2020, required that the project would run on a loan basis for a period of thirty-six months. The beneficiaries were required to pay back the loan to the Ministry of Youth, Sport and Arts in monthly instalments that were to be calculated based on the value of the loan inclusive of 10 per cent administration fee. The first payment was to be due in thirty days from the expiry of the grace period of ninety days.

During the period under review, inputs costing K2, 826,141 were distributed to 155 youth groups. However, as at 30th June, 2022, recoveries had not been effected.

iii. Failure to Insure Inputs

Clause 9.0 (ii) and (iii) of the Youth Empowerment Programme Guidelines of 2020 provided for the loan to be comprehensively insured by the borrower. During the period from August to December 2021, the Provincial Administration approved and disbursed loans in amounts totalling K2, 826,141 to 155 youth groups in ten districts including Ndola.

Contrary to the guidelines, the loans disbursed were not insured by the borrowers.

During its local tour to the Copperbelt Province, the Committee noted that the status quo remained the same with regard to failure to sign loan agreement forms, failure to recover loans on agricultural inputs and failure to insure inputs. There was no documentation that was presented to the Committee to show any progress on the matters at hand. During its interaction with some selected cooperatives in the province, among others the Committee was informed that the beneficiaries were not told that the empowerments were loans and that at the time of collection of inputs as well as funds, no documentation was signed in some cases.

The Committee was further informed that in some cases, some cooperatives that received inputs valued at K5,000 or less, were later on given agreement forms to sign indicating that they needed to pay back K30, 000 as the money they got amounted to loans. The Committee was informed that the cooperatives refused to sign the agreement forms as the indicated amounts were higher than what was actually disbursed.

Committee's Observations and Recommendations

The Committee notes that at the time the loans were being disbursed, there was no proper supervision and guidance from the Ministry of Youth, Sport and Arts as well as Provincial Administration to the districts. As a result, most cooperatives have up to date, not cleared the loans as they took it that what they had received were grants and not loans. In light of the above, the Committee urges the Controlling Officers under the Ministry of Youth, Sport and Arts as well as the Provincial Administration Copperbelt Province, to see to it that there is closure to the matters

involving the failure to sign loan agreement forms, failure to recover loans as well as failure to insure inputs by using all legal means, including working hand in hand with the Office of the Attorney General. Furthermore, disciplinary action should be instituted against the officers that disbursed loans without ensuring that loan agreement forms were signed.

The Committee further urges the Controlling Officer to ensure that all paper work supporting loan disbursements, computation of the inputs, forms signed and reconciliation of the loan amounts that have been collected if any, is urgently availed to the Office of the Auditor General for verification.

Going forward, the Committee urges the Controlling Officers responsible to ensure that guidelines for all empowerment programmes are strictly adhered to if the intended objectives are to be achieved.

f. Kabwe and Kapiri Mposhi Districts – Weaknesses in the Management of Youth Empowerment Funds (Provincial Administration Central Province, 2021 Audit Report)

It was reported in the Auditor General's Report that in August 2020, the Ministry of Youth, Sport and Arts developed a multi-sectorial development strategy to empower the youth with loans, skills development and agriculture support among other strategies. Those eligible to access the loans were registered youth groups, companies or clubs owned by young Zambians that were between ten and thirty in number and had access to land or an area where the farming activity could be undertaken. Further, the members needed to possess a Green National Registration Card and be aged between 18 and 35 years.

During the period under review, the Provincial Administration received an amount of K3,100,000 (inclusive of an administrative component of K100,000) from the Ministry of Youth, Sport and Arts for Youth Loan Empowerment project in the nine districts out of which K2,998,704 was disbursed to fifty-six youth group in the Province. The following were observed:

i. Unsupported Loan Disbursements

Contrary to the Youth Empowerment Guidelines, loans in amounts totalling K1, 999,485 were disbursed to twenty-six youth groups in nine districts without relevant supporting documents such as loan application forms, copies of national registration card, certificates of cooperative registration and business proposals, among others.

ii. Failure to Recover Loans

Clause 11.5 (ii) and (iii) of the Youth Empowerment Programme Guidelines of 2020 required that the project was to run on a loan basis for a period of thirty-six months. The beneficiaries were required to pay back the loan to the Ministry of Youth, Sport and Arts in monthly instalments that were to be calculated based on the value of the loan inclusive of 10 per cent administration fee. The first payment was to be due in thirty (30) days from the expiry of the grace period of ninety (90) days.

During the period under review, inputs costing K2, 998,704 were distributed to fifty-six youth groups. The Provincial Administration received K100, 000 for administration, K664, 950 loan empowerments for Kabwe District Administration and K470, 577 loan empowerment for Kapiri Mposhi District Administration.

During its local tour to Central Province, the Committee noted that the status quo remained the same as no documentation was presented to the Committee to show any progress made on the unsupported loan disbursements, as well as the failure to recover the loans which were queried. During its interaction with some selected cooperatives in the Province, among others, the Committee was informed that the beneficiaries were not told that the empowerment funds they received were loans and that at the time of collection of inputs as well as funds, no documentation was signed in some cases.

Committee's Observations and Recommendations

The Committee notes that at the time the loans were being disbursed, there was no proper supervision and guidance from Ministry of Youth, Sport and Arts as well as Provincial Administration to the districts. As a result, most cooperatives have up to date, not cleared the loans as they took it that what they had received were grants and not loans. In light of the above, the committee urges the Controlling Officers under the Ministry of Youth, Sport and Arts, as well as Provincial Administration Central Province to see to it that there is closure to the matters involving the failure to sign loan agreement forms, failure to recover loans as well as failure to insure inputs by using all legal means including working hand in hand with the Office of the Attorney General as well as disciplining the officers that disbursed loans without ensuring that loan agreement forms were signed.

The Committee further urges the Controlling Officer to ensure that all paper work supporting loan disbursements, computation of the inputs, forms signed and reconciliation of the loan amounts that have been collected if any, is urgently availed to the Office of the Auditor General for verification.

Going forward, the Committee urges the Controlling Officers responsible to ensure that guidelines for all empowerment programmes are strictly adhered to if the intended objectives are to be achieved.

- g. Delayed Construction of Chibombo Police Station (Ministry of Home Affairs and Internal Security – Zambia Police, 2021 Audit Report)
 - i. contract period was up to December, 2014 and was revised to September, 2021;
 - ii. contract sum was at K8,779,941.63;
 - iii. amount paid was K3,423,879.57; and
 - iv. project was at 70 per cent completion.

During inspection, the Committee noted that the construction works on Chibombo Police Station stood at 80 per cent. The Committee was informed that so far, a total sum of K6, 841,555.58 had been paid towards the work done and that there was no outstanding balance. The contractor was not on sight at the time of the inspection but some of the contractor's equipment was still there.

The Committee was informed that the BoQ for the remaining works, which was prepared by the contractor amounted to K9, 903.415.32. However, the Committee observed that the officers from the Ministry of Home Affairs and Internal Security had not prepared their own BoQ to guide them on the cost of the remaining works. The Committee was further informed that after the Ministry's financial analysis on the BoQ amount for the remaining works, it added to about 131.06 per cent above the original contract sum.

Committee's Observations and Recommendations

The Committee notes that the project involving the construction of Chibombo Police Station has remained incomplete since 2014. The Committee urges the Controlling Officer to urgently provide a clear roadmap and expedite the process of completing the construction of Chibombo Police Station. Furthermore, the Committee urges the Controlling Officer to ensure that the engineers within the Ministry come up with engineer's estimates for the remaining works as this information will be relevant when engaging a new contractor.

Going forward, the Committee urges the Controlling Officer to ensure that there is always proper planning before engaging in such construction projects, which should only be undertaken if funds are readily available.

Construction of Liteta Police Post (Ministry of Home Affairs and Internal Security – Zambia Police, 2021 Audit Report)

- i. contract period was up to April, 2015 and was revised to September, 2021;
- ii. contract sum was at K5,337,125.78;
- iii. amount paid was K4,814,001.79; and iv. project was at 90 per cent completion.

During inspections, the Committee noted that the project had been handed over to the client. The total payment of K5, 337,125.78 had been made and the Police Post was operational.

Committee's Observations and Recommendations

The Committee notes that the contractor has completed the works and the Police Post is currently in use. The Committee, however, observes that the ceiling board to the building was not well done as some pieces are falling off; the yard around the Police Post was not well compacted as depressions have formed up and grass is growing on the pavers indicating that no membrane was put under the pavers at construction. Further, the Committee observes that the 5 per cent retention cannot mitigate all the defects observed, and therefore, urges the Controlling Officer to ensure that all the defects highlighted are urgently worked on without fail.

- h. Chikankata District – Delayed Completion of Projects (Ministry of Infrastructure, Housing and Urban Development, 2020 Audit Report)

The Committee inspected six projects in the District as outlined below.

- i. Construction of Post Office and Associated External Works by Davisbet Enterprises Ltd

- contract period was from December 2014 to December 2021 and was revised to 30th June, 2022;
- the contract sum was K3,401,067.60;
- amounts paid to the contractor for the interim payment certificate was K2,139,069.94; and
- progress on the works stood at 50 per cent completion.

During inspection, the Committee was informed that the contract had expired and was terminated on 30th June, 2022, and that the Government was considering tendering the works. The actual works that had been done on the project included the substructure superstructure; roof structure (carpentry); and roof covering and plastering both internally and externally.

Committee's Observations and Recommendations

The Committee notes that the major cause of the delay in completing the works is the delayed payments by the Ministry of Infrastructure, Housing and Urban Development to the contractor. The Committee, therefore, urges the Controlling Officer to ensure that a proper roadmap on the completion of the project is urgently submitted to the Office of the Auditor General for verification. The Committee further urges the Controlling Officer to ensure that the value of the remaining works is immediately ascertained, as this information will be relevant when engaging a new contractor.

Going forward, the Committee urges the Controlling Officer to ensure that there is always proper planning before engaging in such construction projects, which should only be undertaken if funds are readily available.

ii. Construction of the District Administration Office Block by Royal Kent's General Dealers

- contract period was from November, 2014 to December, 2021;
- contract sum K5,747,489.05;
- amount paid K5,648,489.04; and
- project works stood at 90 per cent completion.

During the tour, the Committee noted that contractual works for the District Administration Office Block and associated works were at 90 per cent completion. The contract was terminated with the first contractor and awarded to Zambia National Service (ZNS) to complete the remaining works by December 2024. The contract sum with ZNS was K8, 254,352.59 and the project was expected to be completed by 28th December, 2024. The Committee observed that the contractor was behind schedule considering the works done so far and the date the project was expected to be completed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that this project is completed as scheduled, failure to which will cost the Government more money to finish the project.

iii. Construction of District Council Office Block, Two High Cost Houses Type Two and Associated External Works by Lead Trading Limited

- construction period was from November, 2014 to December, 2021;
- contract sum K5,820,264.85;
- amount paid K3,596,996.91; and
- project works were at 90 per cent completion.

The Committee noted that contractual works for the District Administration Office Block, two high cost houses and associated external works, were at 90 per cent completion. The contract was terminated with the first contractor and awarded to Zambia National Service with a start date of 14th December, 2023 to complete the remaining works by December 2024. The Committee observed that the contractor was behind schedule with regard to the progress made this far considering the works still outstanding. The contract sum with the Zambia National Service stood at K 6, 800,000. and the project was expected to be completed on 28th December, 2024.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that this project is completed as scheduled, failure to which it will cost the Government more money to finish the project.

iv. Construction of Ten Medium Cost Houses and Associated by Jemuro and Associated External Works by Shumpe Investments Limited

- contract period was from November, 2014 to December 2021;
- contract sum K7,074,199.50;
- amount paid K6,725,315.83; and
- project works were at 95 per cent completion.

The Committee noted that the contractor was not on site at the time of inspection as the contract was terminated. The contract had stalled for a number of years due to erratic funding.

Committee's Observations and Recommendations

The Committee notes that the major cause of the delay to complete the works is the delayed payments by the Ministry of Infrastructure, Housing and Urban Development. The Committee, therefore, urges the Controlling Officer to ensure that a proper roadmap on the completion of the project is immediately availed to the Committee through the Office of the Auditor General. The Committee further urges the Controlling Officer to ensure that the value of the remaining works is urgently ascertained as this information will be relevant when engaging a new contractor.

v. Construction of Twenty Low Cost Houses and Associated External Works by Chusaka Construction Limited

- contract period was from December, 2014 and to December, 2021;

- contract sum K10, 498,326.30; □ amount plaid K7,650,540.51; and □ progress was at 95 per cent.

During the tour, the Committee noted that twenty houses had been roofed; plastered and undercoat paint applied. However, the contractor was not on site as the contract had been terminated.

Committee's Observations and Recommendations

The Committee notes that the major cause of the delay to complete the works is the delayed payments by the Ministry of Infrastructure, Housing and Urban Development to the contractor. The Committee, therefore, urges the Controlling Officer to ensure that a proper roadmap for the completion of the project is urgently submitted to the Committee through the Office of the Auditor General. The Committee further urges the Controlling Officer to ensure that the value of the remaining works is immediately ascertained, as this will inform the process of engaging a new contractor.

Going forward, the Committee urges the Controlling Officer to ensure that there is always proper planning before engaging in such construction projects, which should only be undertaken if funds are readily available.

vi. Construction of Police Station, Two Medium Cost Houses, Eight Low Cost Houses and Associated External Works by Lamsa Enterprises Limited

- contract period was from November, 2014 to December, 2021;
- contract sum K14,095,185.65;
- amount paid K10,002,254.51; and
- project works were at 90 per cent completion.

At the time of inspection, the Committee noted that the contractor was not on site as the contract had been terminated. The Committee, however, observed that despite the police station being incomplete, it had been commissioned and was in use.

Committee's Observations and Recommendations

The Committee notes that the major cause of the delay to complete the works is the delayed payments by the Ministry of Infrastructure, Housing and Urban Development. The Committee, therefore, urges the Controlling Officer to ensure that a proper roadmap on the completion of the project is put in place. The Committee further urges the Controlling Officer to ensure that the value of the remaining works is urgently ascertained.

Going forward, the Committee urges the Controlling Officer to ensure that there is always proper planning before engaging in such construction projects, which should only be undertaken if funds are readily available.

i. Siavonga District– Delayed Completion of Projects (Ministry of Infrastructure, Housing and Urban Development, 2020 Audit Report)

The Committee inspected six projects in the District as outlined below.

i. Construction of Post Office and Associated External Works by Contech Engineering Company Ltd

- contract period was from October, 2015 to December, 2021;
- contract sum was K2,203,505.32;
- amount paid K1,686,379.42; and
- progress was at 35 per cent completion.

During inspection, the Committee observed that the status quo remained the same as at audit and the contractor was not on site.

Committee's Observations and Recommendations

The Committee notes that the contract has been terminated on account that it was below 40 per cent. In this regard, the Committee, implores the Controlling Officer to ensure that a clear roadmap on completing this project is immediately availed to the Office of the Auditor General for verification. The Committee further urges the Controlling Officer to see to it that the value for the remaining works is immediately determined, as this will be relevant when engaging a new contractor.

v. Construction of District Administration Office Block by Antiochy Noble Limited

- contract period was from November, 2014 to December, 2021;
- contract sum was K5,897,230;
- amount paid K2,932,351.70; and
- project works were at 30 per cent completion.

During inspection, the Committee observed that the status quo remained the same as at audit and the contractor was not on site.

Committee's Observations and Recommendations

The Committee notes that the contract has been terminated on account that it was below 40 per cent. In this regard, the Committee, urges the Controlling Officer to ensure that a clear roadmap on completing this project is immediately availed to the Office of the Auditor General for verification. The Committee further urges the Controlling Officer to see to it that the value for the remaining works is immediately ascertained, as this will inform the process of engaging a new contractor.

vi. Construction of District Council Office Block, Two High Cost Houses Type Two and Associated External Works by Endita Enterprises Limited

- contract period was from December 2014 to December 2021;

- contract sum was K6,471,548.40;
- amount paid was K2,971,503.49; and
- project works stood at 20 per cent complete.

During inspection, the Committee observed that the status quo remained the same as at audit and the contractor was not on site.

Committee's Observations and Recommendations

The Committee notes that the contract has been terminated on account that it was below 40 per cent completion. The Committee, therefore, urges the Controlling Officer to ensure that a clear roadmap on completing this project is immediately availed to the Office of the Auditor General for verification. The Committee further urges the Controlling Officer to see to it that the value for the remaining works is immediately ascertained, as this will inform the process of engaging a new contractor.

vii. Construction of Ten Medium Cost Houses and Associated External Works by Netweb Investments Limited

- contract period November, 2014 to December, 2021;
- contract sum K8,244,684;
- amount paid K1,867,434.17; and
- project was at 25 per cent.

During inspection, the Committee observed that the status quo remained the same as at audit and the contractor was not on site.

Committee's Observations and Recommendations

The Committee notes that the contract has been terminated on account that it was below 40 per cent. In this regard, the Committee, therefore, urges the Controlling Officer to ensure that a clear roadmap on completing this project is immediately availed to the Office of the Auditor General. The Committee further urges the Controlling Officer to see to it that the value for the remaining works is immediately ascertained, as this information will inform the process of engaging a new contractor.

viii. Construction of Twenty Low Cost Houses and Associated External Works by Mixjar General Dealers

- contract period November, 2014 to December, 2021;
- contract sum was K10,307,092.15;
- amount paid was K2,442,052.36; and

- project works stood at 30 per cent completion.

During the tour, the Committee observed that the contractor was not on site at the time of inspection and that the site has been over grown by grass. Actual works on this project included substructures on all the twenty housing units. Three of these units were roofed though not complete, and seventeen were still at slab level. The Committee observed during the tour that the local people had started encroaching on the site as one family had illegally built on one of the slabs.

Committee's Observations and Recommendations

The Committee notes that the contract has been terminated on account that it was below 40 per cent. In this regard, the Committee, therefore, urges the Controlling Officer to ensure that a clear roadmap on completing this project is immediately availed to the Office of the Auditor General for verification. The Committee further urges the Controlling Officer to see to it that the value for the remaining works is immediately determined, as this will inform the process of engaging a new contractor.

Furthermore, the Committee urges the Controlling Officer to ensure that the site is secured to prevent encroachments on government property.

ix. Construction of Police Station, Two Medium Cost Houses, Eight Low Cost Houses and Associated External Works by Woodlock Ltd

- contract period was from November, 2014 to December, 2021;
- contract sum was K16,043,032.00;
- amount paid was K9,284,215.28; and
- project was at 100 per cent completion.

During the tour, the Committee noted that the project was substantially complete. The only works remaining was connection of water to the police station and the houses.

Committee's Observations and Recommendations

The Committee notes that the contractor has substantially completed the works and that the only challenge is that water has not yet been connected to the facility. In this regard, the Committee urges the Controlling Officer to expedite the process of connecting water to the facility.

COMMITTEE'S GENERAL OBSERVATIONS AND RECOMMENDATIONS

a. Sites Not Secured

The Committee notes that most of the projects that were below 40 per cent completion and abandoned by the contractors have sites over grown by grass and in some cases, the local people have started encroaching by building illegal structures on some slabs, as seen in Siavonga. The Committee, therefore, urges the Controlling Officer to ensure that security measures are immediately put in place to secure and protect the sites from encroachment.

b. Limited Resources

The Committee observes that the Government commenced a lot of projects at the same time, which resulted in failure to provide adequate resources to complete the projects on time. Therefore, the Government resolved to focus on projects that were above the 80 per cent completion threshold. The Committee is of the view that due diligence was not conducted to ascertain the availability of resources before engaging in massive infrastructure development countrywide. The Committee recommends that in future, the Government should not commence new projects until all pending projects are completed.

c. Status of Infrastructure

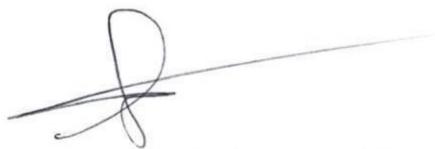
During the local tour, the Committee observed that most of the infrastructure projects in the newly created districts under the Ministry of Infrastructure, Housing and Urban Development that were cited in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2020 remained incomplete and, in some cases, the status of the projects was not even known by the officers under the ministry, as was the case in Chikankata and Siavonga.

The Committee, therefore, urges the Controlling Officer to urgently invite the Office of the Auditor General for purposes of inspecting and obtaining the current status on all the projects that were cited in the Auditor General's Report.

CONCLUSION

The Committee wishes to express its gratitude to you, Madam Speaker, and the Office of the Clerk for the support rendered to it during its consideration of the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2022.

The Committee further wishes to thank the Controlling Officers who appeared before it and the Secretary to the Treasury for their co-operation.



Mr Warren Chisha Mwambazi, MP
CHAIRPERSON

July, 2024
LUSAKA

APPENDIX I – LIST OF NATIONAL ASSEMBLY OFFICIALS

Mr Stephen Chiwota, Director (Financial Committees)
Mrs Angela M Banda, Deputy Director (Financial Committees)
Mr Charles Chishimba, Senior Committee Clerk (FC1)
Mr Alvin Himululi, Committee Clerk
Mrs Prisca M Shimalungwe, Committee Clerk
Mrs Ruth N Mwiinga, Administrative Assistant
Mr Daniel Lupiya, Senior Committee Assistant
Mr Muyembi Kantumoya, Committee Assistant

LIST OF PERMANENT WITNESES
Office of the Controller of Internal Audit
Office of the Auditor General
Office of the Accountant General

