



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON LOCAL GOVERNANCE, HOUSING AND CHIEFS' AFFAIRS

FOR THE

FIFTH SESSION OF THE NINTH NATIONAL ASSEMBLY

APPOINTED ON 19TH JANUARY 2006

PRINTED BY THE NATIONAL ASSEMBLY OF ZAMBIA

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REPORT OF THE COMMITTEE ON LOCAL GOVERNANCE, HOUSING AND CHIEFS' AFFAIRS FOR THE FIFTH SESSION OF THE NINTH NATIONAL ASSEMBLY APPOINTED ON 19TH JANUARY 2006

Consisting of: -

Mrs R M Musokotwane, MP (Chairperson); Mr A W Situmbeko, MP; Mr D M Sokontwe, MP; Mr I M Phiri, MP; Mr E K Chungu, MP, Mr G Lubinda , MP; Mr E Kasoko, MP and Mr M Mubika, MP.

The Honourable Mr Speaker

National Assembly
Parliament Buildings
LUSAKA

Sir, your Committee have the honour to present their Report for the year 2006. Your Committee received submissions from twenty-two local authorities, but following verifications carried out on some of the queries, most of the issues were resolved and closed, therefore, do not appear in your Report.

2. *Functions of the Committee*

In accordance with the National Assembly Standing Orders, the functions of your Committee are as follows:-

- (i) study, report and make recommendations to the Government through the House on the mandate, management and operations of the Ministry of Local Government and Housing, departments and/or agencies under its portfolio;
- (ii) carry out detailed scrutiny of certain activities being undertaken by the Ministry of Local Government and Housing, departments and/or agencies under its portfolio and make appropriate recommendations to the House for ultimate consideration by the Government;
- (iii) consider any Bills that may be referred to the Committee by the House; and make, if necessary, recommendations to the Government on the need to review certain policies and/or certain existing legislation;
- (iv) consider any Bills that may be referred to them by the House; and
- (v) consider in detail the annual reports and any other reports of the Ministry of Local Government and Housing, its departments and/or agencies under its portfolio.

3. *Meetings of the Committee*

Your Committee held seventeen meetings to consider the Report of the Minister of Local Government and Housing for the year 2006. Principal Officers from the local authorities, who appear in the Minister's Report, were invited to appear before your Committee.

PART I

CONSIDERATION OF THE 2006 REPORT OF THE MINISTER OF LOCAL GOVERNMENT AND HOUSING ON AUDITED ACCOUNTS OF LOCAL AUTHORITIES

Submission by the Council Secretary, Chibombo District Council on the Statutory Audit Report for the period 1st January, 2001 to 31st December, 2003.

4. *Unsupported Payment Vouchers: K199, 076,606*

The Minister indicated in his Report that during the audit, it was discovered that 166 payment vouchers totalling K199, 076,606 were irregularly paid out without supporting documents, contrary to the Local Authorities (Financial) Regulation No. 86 (1) of 1992.

In response, the Council Secretary submitted that some of the payment vouchers totalling to K199, 076,606 mentioned in this query were grants made to individuals and institutions. Supporting documents had since been found and attached to most of the queried payment vouchers as could be attested by documents which were available for verification. Additionally, payments made in respect of various bills were originated by one document; therefore, subsequent payments were referring to the original.

Committee's Observations and Recommendations

Your Committee note that only vouchers amounting to K73, 931,883.06 had been recovered. They direct that these be verified and that the search for vouchers amounting to K125, 144,722.94 be intensified. They await a progress report on the recovery of these remaining vouchers.

5. *Donation of shared out Ward Funds: K19, 000,000*

The Minister reported that during the period under review, a sum of K19 million was irregularly paid out as Ward Development Funds to nineteen Wards in cash to third parties and not by cheque direct to the Wards.

The Council Secretary submitted that upon the Council identifying the need to support ward development in all wards, money was paid through third parties (Councillors and ward chairpersons) because most suppliers did not accept Council cheques for fear that they would bounce and also that the ward development committees in all wards at the time were not properly constituted and had no bank accounts in place. However, in a bid to ensure accountability the Acting District Treasurer, in her report to Council through the Finance and General Purposes Committee at its meeting held on 16 May, 2003, reported on the non-retirement of the funds paid to wards through Councillors and the absence of any progress reports in regard to the works that had been undertaken.

Your Committee had resolved that all Councillors be requested to prepare confirmed progress reports showing the developmental works undertaken in each ward and also ensure retirements to the Council through the Treasurer's office by 30 June, 2003. Minutes of the Council meeting to this effect were available for verification.

Despite this Council resolution, Councillors had not heeded and responded by retiring the imprest issued to them for the development of their wards. This scenario was, however, no longer the same because the old system had been abandoned and the Area Development Committees (ADCs) currently in place had all been encouraged to open and maintain bank accounts. All the funds appropriated for ward development were being channelled to the wards through the Area Development Committees (ADCs) with purchases of materials and services paid by cheque direct to suppliers and service providers.

The most recent example and proof to this effect were funds paid to wards in the sum of K2 million during the year 2004. Documentary evidence to this effect was available for verification.

Committee's Observations and Recommendations

Your Committee express concern over the opening of accounts for the Area Development Committees, due to the cost involved in maintaining bank accounts through various bank charges. They also wonder what measures the Council had put in place to ensure prudent management of these accounts. They, therefore, recommend that ledger cards instead be opened for each Area Development Committee, while the Council should maintain one central account for such funds. The Council should then directly pay for goods and services on behalf of the various Area Development Committees (ADCs).

Submission by the Council Secretary, Luangwa District Council on the Statutory Audit Report for the period 1st January, 2001 to 31st December, 2003

6. *Non-updating of the Valuation Roll*

It was discovered during audit that the Council had not yet updated the Valuation Roll for the period under review, contrary to the *Rating Valuation Act No 12 of 1997* as amended by *Act No. 9 of 1999*, resulting in the Council losing out in revenues from property rates as new properties and improvements are not enlisted on the current Valuation Roll.

The Council Secretary explained that since 1990, the Council had not fully surveyed the whole Township, this had created difficulties for new leaseholders to register their properties with the Ministry of Lands, for issuance of Title Deeds.

As to what happened regarding the offer by the Ministry of Lands to provide a surveyor, the Council Secretary explained that the surveyor in question had since been transferred to Kafue. Before the surveyor's transfer, there had been a problem with the twelve plots that he surveyed, in that his work and that of the cathographer were contradictory resulting in the maps being different from what was on the ground. Your Committee heard that the cathographer had since died.

Committee's Observations and Recommendations

Your Committee awaits a progress report on the matter.

7. Outstanding Debtors As at 31st December, 2003:K10, 960,692

The Minister's Report revealed that an examination of the Debtors Control Accounts revealed that a sum of K10, 960,692 was outstanding in respect of debtors to the Council for the period under review.

Your Committee heard that the defaulters had been warned several times and that the Council was left with no other option, but to seek redress in courts of law.

Committee's Observations and recommendations

Your Committee observe that the Council had resorted to suing defaulters, when the *Ratings Act* provides for the procedure of issuance of warrants of distress.

Your Committee, therefore, urge the Council to consult the Legal officer at the Ministry of Local Government and Housing in order to be assisted on the correct procedure regarding rate defaulters. They await a progress report on the matter.

Submission by the Town Clerk, Chililabombwe Municipal Council on the Statutory Audit for the period 1st January, 1992 to December 2004.

8. Rental Arrears in respect of Commercial Ventures

The audit revealed that the Council was owed a sum of K21m in the year 2002, in respect of rentals of Commercial Ventures and there was no effort to recover the same.

Your Committee heard that the Council initially passed a resolution under Minute No. FC379/07/03, to recover the same and had since re-affirmed on the same resolution. In pursuance of the Council resolution under minute FC379/07/03, the Council had repossessed some of the outlets and was further seeking legal redress to recover the amounts owed at the time of repossession.

Committee's Observations and recommendations

Your Committee awaits progress report on the matter.

9. Imprest of K2, 500,000 paid for a project in Anoya Zulu Ward

An examination of payment voucher number 13 dated 13th November, 2001, revealed that K2, 500,000 was paid as imprest to enable the Area Councillor purchase waste rocks, transport, plumbing materials and drainage materials. However, a scrutiny of the same voucher showed that only K120, 000 for transport was accounted for leaving a balance of K2, 380,000.

The Town Clerk submitted further information, that the following activities were related though appearing under different paragraphs of sub-heads and they would be addressed collectively:

- (i) imprest of K3, 500,000 paid for a project in Anoya Zulu Ward;
- (ii) unretired imprest of K2, 300,000 meant for street lighting in Mvula Ward;
- (iii) unaccounted for funds for wages of casuals in Helen Kaunda Ward; and
- (iv) unretired imprest for street lighting in Kakoso Ward.

The Council allocated K3, 000,000 to each of its twenty wards under the ward development funds. Each respective Councillor spearheaded these projects. Officers drew the funds after the individual councillor had submitted the project to be done in their wards to the Engineering Department for assessment, approval and certification of the works done.

Committee's Observations and recommendations

Your Committee awaits a progress report on the recoveries.

10. *Unretired imprest for Kakoso Project*

The audit revealed that the Council paid a sum of K1, 500,000 as imprest on cheque number 356952, dated 16th October, 2001, for the purchase of electrical fittings for Kakoso ward. However, despite the memorandum requesting for these funds indicating that receipts would be attached to the payment voucher, no receipts were attached to prove that the fittings were bought.

Committee's Observations and recommendations

Your Committee observe that receipts for the fittings have not been traced. They urge the Council to trace the receipts and present them to the Ministry for verification. They await a progress report on the matter.

11. *Overexpenditure on Wages.*

An examination of the Council Budget for the year 2003, showed that the Council had budgeted K14, 550,000 for wages, but at the close of the year, the Council had paid K35, 153,000 thereby over spending by K20, 603,000 without seeking Ministerial approval by applying for supplementary estimates.

The 2003 budget estimates provided for K362, 245,000.00 as the budget for wages and at the close of the year, the Council had spent K439, 593,000.00 on the same vote.

The Town Clerk submitted that the Council approved the variance during the performance review of the 2003 and presentation of the 2004 budget under Council Minute No. FC 479/10/03 and the Council had complied with the Auditors observation by applying for the approval of the supplementary expenditure in retrospect to the Ministry.

Committee's Observations and recommendations

Your Committee await a progress report on the matter.

Submission by the Town Clerk, Livingstone City Council on the Statutory Audit Report for the year ended January 2003-December 2003

12. *Payments made for unspecified purposes: K18, 228,839*

A total number of twelve payment vouchers amounting to K18, 228,839 was paid out without specified purposes contrary to the Local Authorities (Financial) Regulation No. 79 of 1992.

The Town Clerk in disputing the revelations of the Auditor, submitted that the payment vouchers amounting to the above stated figure were paid out and each voucher had a code, purpose, amount and fully approved for expenditure. The expenditure incurred was within the budget limitations. These vouchers were available for verification by the auditors.

Committee's Observations and Recommendations

Your Committee direct the Ministry of Local Government and Housing to re-verify the submission following revelations by the Auditor that the Council had inserted all the details on all payment vouchers. They await a progress report on the matter.

13. *Payment made without provision in the Budget: K9, 588,060*

A sum of K9, 588,060 was spent on nine Payment Vouchers without any provision in the Budget, contrary to the Local Authorities (Financial) regulation No 10 (1) of 1992.

The Town Clerk informed your Committee that the queried payments were provided for in the budget and the Council over spent on two votes, namely; sports and Town/ Street cleaning.

Committee's Observations and Recommendations

Your Committee direct the Town Clerk to submit a supplementary budget of the two votes, namely sports activities and Town and Street cleaning, on which it has overspent. A detailed progress report should be availed to them after approval by the Minister of Local Government and Housing.

14. *Overexpenditure without Supplementary Estimates: K180, 803,081*

A scrutiny of the Council's expenditure against the budget provisions showed that a sum of K180, 803,081 was over spent on seven votes without Supplementary Estimates contrary to section 39 (2) of the *Local Government Act* Cap 281 of the Laws of Zambia read together with the Local Authorities (Financial) Regulation No. 10 (1) of 1992.

The Town Clerk informed your Committee that the above figure representing the over expenditure on seven votes was over spent as a result of under budgeting.

Committee's Observations and Recommendations

Your Committee direct the Town Clerk to submit supplementary estimates of K180, 803,081 to the Minister for approval. They await a progress report on the matter.

15. *Un receipted revenue: K4, 602,801.76*

The audit revealed that a sum of K4, 602,801.76 was not receipted in the Receipt Book contrary to the Local Authorities (Financial) Regulation No. 69 (1) of 1992.

The Town Clerk informed your Committee that this was made up of early banking as all the receipts and deposit slips amounting to K2,346,881.76 were available for verification and ascertaining by auditors.

Committee's Observations and Recommendations

Your Committee direct the Town Clerk to trace the deposit slips amounting to K2, 255,920 and present them for verification. They await a progress report on the matter.

16. *Accounting documents not surrendered after use.*

The audit revealed that nineteen receipt books were not surrendered after completion, contrary to the Local Authorities (Financial) Regulation No. 64 (2) of 1992.

The Town Clerk informed your Committee that four Receipt Books were entered in the register and surrendered, leaving a balance of fifteen of accounting documents. The Internal Audit Section was involved in ensuring that all accounting documents were brought back to stores after use. They conducted periodic inspections in order to ensure that those that deal with accounting documents complied.

Committee's Observations and Recommendations

Your Committee direct the Town Clerk to trace the remaining fifteen books and they await a progress report on the matter.

17. *Undercollection of revenue: K3, 594,415,857*

The audit revealed that the Council failed to collect revenue amounting to K3, 594,415,857 of its approved budgeted income for the period under review, contrary to the Local Authorities (Financial) Regulation No. 12 (H) of 1992. No reasons were given by the Council for the failure to attain their own target.

The Town Clerk informed your Committee that the Council did not collect rates on new properties that were not in the valuation roll, and did not get any dividend from Southern Water as it was making losses. No plots were issued out in that year and that the grader was not available. The result of this was non-collection of the projected figures in the budget.

Committee's Observations and Recommendations

Your Committee direct the Town Clerk to prepare supplementary estimates for approval. They await a progress report on the matter.

18. *Titles Deeds for Council Assets not availed: K940, 020,720*

A scrutiny of the Assets Register revealed that the Council has forty-one assets valued at K940, 020,720 that are not have Title Deeds, contrary to the Local Authorities (Financial) Regulation No. 153 of 1992.

The Town Clerk submitted that the Council had Title Deeds on seven properties worth K433, 400,000 and were availed to the Auditors for verification and that Title for thirty-four properties valued at K506, 620, 720 are yet to be processed.

Committee's Observations and Recommendations

Your Committee direct the Town Clerk to ensure that the remaining Title Deeds should be processed speedily. They await a progress report on the matter.

Submission by the Council Secretary, Mungwi District Council on the Statutory Audit Report for the period 1st January, 1997 to 31st December, 2002 and Extraordinary Audit Report for the period 1st January, 2005 to 30th June, 2005

19. *Failure to prepare Financial Reports*

The audit revealed that the Council did not produce Financial Reports for the District Fund, Water and Development Accounts Fund, contrary to the Local Authorities (Financial) Regulation 47 (1) of 1992.

The Council Secretary informed your Committee that the Council being small and lacking a strong financial base had problems in retaining qualified staff and had the last Treasurer in 2000. This affected the timely preparation of books of accounts and subsequent production of financial reports. The Council had finally employed the Treasurer and efforts were being made to update books of accounts.

Committee's Observations and Recommendations

Your Committee noted the submission, but direct the Council Secretary to ensure that all books of accounts were updated. They await a progress report on the matter.

20. *Failure to maintain imprest ledgers*

The Council did not maintain imprest ledgers for the period 1997 to 2002, contrary to the Local Authorities (Financial) Regulation No. 117 (1) of 1992.

The Council Secretary informed your Committee that the Council had since opened the imprest ledgers that were yet to be updated together with the books of accounts.

Committee's Observations and Recommendations

Your Committee urge the Council Secretary to expedite updating of the imprest ledgers.

21. *Payments made without supporting documents: K22, 641,169*

A sum of K22, 641,169 was paid out during the period under review without supporting documents, contrary to the Local Authorities (Financial) Regulation No. 86 (1) of 1992.

The Council Secretary reported to your Committee that fourteen payment vouchers amounting to K8, 591,000 had receipts supporting the payments. At the time of audit, the receipts for the balance of K14, 050,169 supporting the payments were yet to be obtained.

Committee's Observations and Recommendations

Your Committee direct the Council Secretary to have the receipts verified by the Ministry. They await a progress report on the matter.

22. *Fictitious retirement of imprest: K2, 700,050*

The former Acting Council Secretary fictitiously retired a sum of K2, 700,050 as imprest as the receipts were altered, contrary to the Local Authorities (Financial) Regulations of 1992.

The Council Secretary informed your Committee that that it had not been possible for the Council to recover the money because:-

- (i) the former Acting Council Secretary was no longer in Council employment and with no fixed abode although she had not been paid her terminal benefits;
- (ii) the former Chairperson was also out of the district, hence making it difficult to trace her; and
- (iii) the Council under HLSSFPG/621/03/2003 resolved that the amount be written off as bad debt.

Committee's Observations and Recommendations

Your Committee direct the Council Secretary to recover the money from the former Council Secretary's terminal benefits. They await a progress report on the matter.

23. *Missing payment vouchers: K24, 025,952.98*

A total number of forty- five payment vouchers amounting to K24, 025,952.98 were not presented for audit, contrary to the Local Authorities (Financial) Regulation No. (98) (1) of 1992.

The Council Secretary reported to your Committee that thirty-four payment vouchers amounting to K8, 892,839.83 were traced and ready for verification.

Committee's Observations and Recommendations

Your Committee direct the Council Secretary to ensure that the eleven payment vouchers amounting to K15, 133,113.15 were traced. A progress report should be availed to them after verification.

Submission by the Town Clerk, Solwezi Municipal Council on the Statutory Audit Report for the period 1st January, 2000 to 31st December, 2003

24. *Non maintenance of register of fixed assets.*

The audit revealed that the fixed assets register for the period under review was not maintained, contrary to the accounting procedures and guidelines.

In reply, the Town Clerk informed your Committee that at the time of the audit, the register of fixed assets could not be found. Efforts were still being made to trace the said Register.

Committee's Observations and Recommendations

Your Committee direct the Town Clerk to find or prepare the register and present it for verification. They await a progress report on the matter.

25. *Unaccounted for imprest for former Mayor: K4, 320,000*

A scrutiny of paid out imprest revealed that an amount of K4, 320,000 remained un-accounted for in respect of imprest for the former Mayor, contrary to the Local Authorities (Financial) Regulation No. 117 of 1992.

The Town Clerk informed your Committee that at the time of audit, the receipts were not made available to the Auditor, but had since been found and would be made available for verification.

Committee's Observations and Recommendations

Your Committee direct the Town Clerk to present the receipts to the Ministry of Local Government for verification and report progress to them on the matter.

26. *Theft, fraud and alteration of Accountable documents: K3, 588,000*

An examination of records revealed that a sum of K3, 588,000 was fraudulently paid out to three Council officers through theft, fraud and alteration of accounting documents, contrary to the Local Authorities (Financial) Regulation No. 28 of 1992.

The Town Clerk submitted to your Committee that the aforesaid incident occurred as reported by the Auditor and it resulted in one officer being dismissed with the other two officers being reinstated by the Council.

Committee's Observations and Recommendations

Your Committee direct that the case be re-opened and direct the Ministry of Local Government and Housing to send a team to Solwezi to reinvestigate the matter of the two reinstated officers.

Your Committee are of the view that the case amounted to fraud and thus simply dismissing one officer and reinstating the other two was not the right channel to follow. They await a progress report on the matter.

27. *Un accounted for expenditure: K18, 184,464*

An examination of the accounting documents in respect of purchase of goods and services revealed that a sum of K18, 184,464 was paid out but its expenditure could not be accounted for, contrary to the Local Authorities (Financial) Regulation No. 86(1) of 1992.

The Town Clerk submitted to your Committee that at the time of audit, some acquittal sheets and receipts relating to various payments were not availed to the Auditor but had since been presented for verification.

Committee's Observations and Recommendations

Your Committee direct the Town Clerk to locate the remainder of the receipts amounting to K681, 964 and present them for verification. Progress report is being awaited.

28. *Irregular claim of meal allowances: K540, 000*

A sum of K540, 000 was irregularly paid as meal allowances to some workers, contrary to the Local Government Conditions of Service for 1996.

The Town Clerk informed your Committee that as noted by the Auditor, the said allowance was meant for those working out of station for more than eight hours. However, due to pressure of work, officers were required to work on holidays and weekends in which case they were to be paid overtime and have meals bought for them when they were required to work for the whole day.

Committee's Observations and Recommendations

Your Committee direct the Town Clerk to ensure the recoveries are done from all the officers who had been paid irregularly. They await a progress report on the matter.

29. *Subsistence allowance paid without claims*

An examination of payment vouchers revealed that a sum of K2, 230,000 was paid to some officers as subsistence allowances without completing claim forms during the period under review.

The Town Clerk informed your Committee that the claim forms had been attached and were ready for verification.

Committee's Observations and Recommendations

Your Committee direct the Town Clerk to have the receipts verified by the Ministry of Local Government and Housing and report progress on the matter.

Submission by the Council Secretary, Chieng District Council on the Statutory Audit Report for the period 1st January, 2000 To 31st December, 2003

30. *Unrecovered and illegal advances from Constituency Development Fund Account to District Commissioner's Office and the Council: K18, 184,930*

The audit revealed that the Constituency Development Fund Committee had no controls on the Constituency Development Fund Account hence, the unjustifiable advances totalling K18, 184,930 paid to the District Commissioner's Office and the Council. This was contrary to the revised Guidelines on the Channelling and Utilization of the Constituency Development Funds (CDF) of September, 2003, circulated by the Ministry of Local Government and Housing to all District Councils and Constituencies in the country.

The Council Secretary informed your Committee that the Council made follow-ups by writing the office of the District Commissioner to reimburse the mentioned amount through CDF Committee.

Committee's Observations and Recommendations

Your Committee direct the Council Secretary to make follow-ups on the recovery of the monies from the District Commissioner's Office. They await a progress report on the matter.

31. *Failure to observe Tender Procedures and Guidelines: K17, 379,849*

The Council being the Custodian of the Constituency Development Fund Account had failed to provide reasonable justifications for payments worth K17, 379,849 by not observing the correct tender procedures. Furthermore, it had not been explained why supporting documents had not been obtained and attached to payments vouchers. This was contrary to the Local Authorities (Financial) Regulations Nos. 133 and 86(1) of 1992.

The Council Secretary informed your Committee that it was true that tender procedures in awarding the contracts were not strictly adhered to, in that the District Commissioners appointment had influenced the process of awarding the contracts as prescribed by the CDF Guidelines since DC's office had taken over CDF Committee's responsibilities and disbursement of funds were done by the same office, but the officers who got the imprest for procurement of materials had been urged to retire the imprest immediately.

Committee's Observations and Recommendations

Your Committee direct the Council Secretary to ensure that all outstanding imprest are retired. They await a progress report on the matter.

32. *Advances to District Commissioner not recovered: K1, 580,000*

It was discovered that a sum of K1, 580,000 advances from the Council's District Fund Account to the District Commissioner's Office had not been recovered at the time of audit.

The Council Secretary submitted to your Committee that follow ups had been made in writing and the period was given to pay back.

Committee's Observations and Recommendations

Your Committee direct the Council Secretary to follow up with the office of the District Commissioner. The matter should also be brought to the attention of the Provincial Permanent Secretary. They await a progress report on the matter.

Submission by the Council Secretary, Kaoma District Council on the Statutory Audit Report for the period 1st January, 2000 to 31st December, 2003

33. *Un-presented General Receipt Books.*

The Minister's Report revealed that during audit, it was discovered that the Council did not present twenty-two General Receipt Books for the District Fund and Market Account issued during the period under review, contrary to the Local Authorities (Financial) Regulation No. 98(1) of 1992.

The Council Secretary submitted to your Committee that General Receipt Book No. 39, Serial No. 7601-7601-700, relating to the sale of council houses, had since been presented for verification. The Council was making tireless efforts to trace the remaining twenty receipt books.

Committee's Observations and Recommendations

Your Committee express disappointment at the poor maintenance of accounting documents. They await a progress report on the recovery of the missing receipt books.

Submission by the Council Secretary, Mkushi District Council on the Report on Audit Queries contained in the Audit Inspection Report for the period 1st January, 2005 to 30th June, 2005.

34. *Unbanked income: K8, 837,500*

A total amount of K8, 837,500 was discovered to be un-banked as result of illegal drawings by the Acting Council Secretary contrary to the Local Authorities (Financial) Regulation No. 19 (1) of 1992.

The Council Secretary informed your Committee that the Council had accounted for a sum of K3, 426,200 which was spent on direct cash purchases of various supplies for the Motel. A balance of K5, 411, 300 had not been accounted for.

The Ministry had verified the Cash Sale Receipts and Goods Received Notes (GRN). The Council had been advised to desist from using direct cash transactions and to account for the remaining balance.

Committee's Observations and Recommendations

Your Committee direct the Council Secretary to report the matter to the police, as the circumstances surrounding the spending of the money were tantamount to theft. The Council Secretary was directed to account for the balance of K5, 411,300 and report progress to them.

35. *Alteration of Council Minutes*

The audit revealed that the Council Secretary for Mkushi District Council illegally and wilfully altered the Council minutes to allocate plot No.1114 to an officer and plot No. 1110 to himself.

Your Committee was informed that this query was outstanding because the Council did not present to the Ministry a copy of Minutes which were allegedly reported by the Auditor as being altered by the Acting Council Secretary to allocate himself plot No.1110 and plot No. 1114 to an officer to prove the Auditor wrong. The Ministry had advised the Council to present the copy of the Minutes for verification.

Committee's Observation and Recommendations

Your Committee direct the Council Secretary to ensure that a copy of the minutes be presented for verification and report progress on the matter.

36. *Missing Ninety Pockets of Cement*

The audit revealed that ninety pockets of cement purchased by the Council could not be accounted for as the Stores records as regards the use of the cement could not be relied upon.

The Council Secretary informed your Committee that the Ministry had confirmed that the ninety pockets of cement were purchased by the Central Province Rural Water Supply Project under the Ministry of Local Government and Housing.

The cement was given to the Council to distribute to various schools where the project was facilitating the construction of VIP toilets. However, the Council's submission could not be verified because the Distribution Book in which the School Head teachers signed for their pockets of cement was not presented for verification. The Council had been advised to present the same book to the Ministry for verification soon.

Committee's Observation and Recommendations

Your Committee direct the Council Secretary to locate the Distribution Book and present it for verification and report progress on the matter.

37. Irregular Payments for Talktime: K750, 000

The audit revealed that a sum of K750, 000 was irregularly paid out on talk time for the Acting Council Secretary for three days running without approval from the Council, contrary to the Local Authorities (Financial) Regulation No. 81 (1) and (2) of 1992.

The Council Secretary your Committee that that the Ministry had noted the Council's submission that the payments for Talk time were approved by the full Council, but did not present a copy of Minutes where the decision was made to pay the Acting Council Secretary for Talk time. The Ministry had advised the full Council to present the Minutes where the Acting Council resolved to pay for talk time to the Council Secretary.

The Council had further been advised to strictly observe the provisions of the Local Authorities (Financial) Regulations in all its financial affairs and in particular to follow tender procedures in all procurement of goods and services.

Committee's Observation and Recommendations

Your Committee direct the Council Secretary to recover the sum of K750, 000 and report progress on the matter.

Your Committee further advise the Council Secretary to avoid being both supervising and executing officer at the Council to avoid the situation where all the audit queries directly touched him.

38. Submission by the Permanent Secretary (BEA), Ministry of Finance and National Planning on Fiscal Decentralisation

Initial Comment

The Permanent Secretary clarified to your Committee that no decision had yet been made with regard to how resources would move to the districts. The Ministry of Finance and National Planning, through consultations with other relevant institutions had been working on the best way to effect fiscal decentralisation. To this end, studies had been undertaken whose findings were currently being incorporated into the draft proposal in readiness for submission to Government for decision-making. So far indications were that systems should be put in place to allow enough capacity for the local authorities to undertake decentralization functions in accordance with the *Local Government Act* No. 281 of the Laws of Zambia and other various related Statutes.

Brief background

During consultations on the Fifth National Development Plan, districts expressed the need for Government to start allocating resources directly to the districts. This brought to the fore the need to urgently embark on fiscal decentralisation as a means to improve programme implementation and service delivery. At the core of the fiscal decentralisation proposal had been the modalities of implementing the Fifth National Development Plan, which was currently being prepared through extensive consultations, including the seventy-two Districts Development Plans.

Rationale for Fiscal Decentralisation

One lesson learnt following the unsatisfactory implementation of some programmes in the Poverty Reduction Strategy Paper was that funds never reached the districts as planned. The idea was for the districts to have autonomy over local sources of revenue and an appropriately structured intergovernmental transfer apart from putting in place institutional structures with well defined responsibilities and having a system of local elections and local participation mechanisms.

In this regard, it was initially, envisaged that 2006, would be the year to respond to the cry by districts at the beginning of the implementation of the Fifth National Plan. Consequently, a concept paper on fiscal decentralisation was developed in 2005 that identified the following two possible approaches of channelling resources to the districts:

- (i) through the de-concentrated structures of Central Government at the district level; or
- (ii) through democratically and legally constituted institutions at the district level or local authorities.

However, none of these approaches could be implemented in 2006 due to the following challenges:

- (a) lack of an Intergovernmental Fiscal Architecture (IFA): There was need to review current Government transfers (general, special and capital grants) and developing an intergovernmental fiscal transfer system with clearly defined formula for use in the transfer of resources to Local Authorities;
- (b) existence of a dual structure at the district level resulting in conflict of leadership: There was need to streamline expenditure responsibilities and revenue sources in line with the decentralization policy to resolve the problem of the dual structures in the districts;
- (c) indebtedness of local authorities: This had to be resolved so that resources were not diverted to servicing debt instead of implementing the District Development Plans;
- (d) non-existence of facilities to support accounting units in the districts such as lack of banking facilities in some districts;
- (e) generally, poor public expenditure management and accountability structures, for example, poor and non-existence accounting and auditing services in some districts;
- (f) anticipated resistance by staff to be devolved to districts;
- (g) recruitment of additional staff vis-à-vis limited resources;
- (h) fragmentation of capacity building initiatives at the district level;
- (i) non-existence of procurement units at district level;
- (j) the districts do not receive information on the funding for the partially deconcentrated ministries which made it difficult for the office to monitor the operations of these ministries;
- (k) there was need for intensified training in the following areas:
 - (a) management of development programmes and projects;
 - (b) planning and budgeting; and
 - (c) accounting, auditing and resource mobilisation skills;
- (l) there was need to roll out the Public Expenditure Management Financial, Accountability Reforms to the districts; and
- (m) there was need to strengthen the National Audit Office to enable it to effectively manage the volume of audit work that would be coming from local authorities.

Proposals on the way forward

1. In order to achieve its objectives, the fiscal decentralisation programme needs to be re-aligned within the overall Decentralisation Implementation Plan as follows:

- (a) designing the Intergovernmental Fiscal Architecture (IFA), specifically to:
 - (i) design recurrent and conditional capital grants;
 - (ii) specify the strategic planning processes required to access these grants, thereby laying the groundwork for City Development Strategy preparation for the four (4) cities and fourteen (14) municipalities and with suitable adaptations by the fifty four (54) district local governments;
 - (iii) analyse the local government revenue bases, including recommendations for capacity building and tax reform required to strengthen those bases;
 - (b) reviewing the draft proposal on fiscal decentralization;
 - (c) provision of technical advice on pooled financing and harmonization approaches to supporting decentralisation;
 - (d) continuing to provide grants to local authorities for liquidating their debts and restructuring in readiness for devolution; and
 - (e) resolving on the dual structures at the district level in relation to the Town Clerk *vis a vis* the District Commissioner; the responsibilities of each need to be clearly defined to avoid overlap.
2. *Approval and Adoption of the capacity building programme to address all weaknesses at the district level*
As highlighted under challenges above, there is need to build capacity at district level in all critical areas of planning, financial management and monitoring and evaluation.
3. *Adoption of the action plan for the Decentralisation Policy*
The plan clearly lays out means and ways of operationalising the decentralization policy.

Through the Fifth National Development Planning process, all districts had District Development Plans (2006 – 2010) which were developed by all stakeholders including the District Council representatives, District Commissioners' Offices, Chiefs, other Government Officers based at District level, Civil Society and other stakeholders. The District Councils adopted these Plans. The people at District level had identified their problems, potentials as well as interventions for

development. It was, therefore, imperative that resources were made available at the earliest possible time for implementation of the District Development Plans. Fiscal Decentralisation was a key to this process.

Commenting further on the challenges facing delays in implementing fiscal decentralization, the Permanent Secretary explained that some local authorities did not have banking facilities to which funds could be remitted. In this regard appropriate modalities need to be worked out to mitigate this shortcoming.

Committee's Observation and Recommendations

Your Committee express concern on the delays regarding the implementation of the decentralization policy. They note with sadness that nothing could move unless pressure is exerted by Parliament. They await a progress report on the matter.

39. Submission by the Permanent Secretary of Local Government and Housing on General Policy Issues.

The Permanent Secretary informed your Committee as follows:

a) Running of Council Markets by the Barotse Royal Establishment (BRE)

The Ministry reported that the Barotse Royal Establishment (BRE) was running the two markets in Limulunga and Mwandu because according to the BRE, the Markets were in the traditional land. However, Government had since explained to the BRE that under the *Markets Act* Cap 290, Councils were the only institutions empowered by law to establish and manage markets within their jurisdiction. This meant, therefore, that since Limulunga and Mwandu were within the Councils' jurisdiction, the BRE should stop running the said Markets.

b) The legal status of markets run by the Co-operative Societies

The Ministry reported that Co-operatives were registered under the *Society's Act* and that these ran some markets in some parts of the country. Your Committee was also informed that the existing legislation that regulated the establishment and management of markets was contained in the *Markets Act* Cap 290 of the laws of Zambia. This Act empowered Councils to establish and manage markets within their area of jurisdictions. However, from the First Republic, there had been in existence what were known as co-operative markets registered under the Ministry of Agriculture and Co-operatives. However, in 1991, the Ministry issued a directive that all Councils should repossess cooperative markets and following this directive, twelve markets in Lusaka were repossessed, though some could not be repossessed because of various reasons some of which were political.

c) The composition of Community Resource Boards (CRBs) created under ZAWA in Game Management Areas (GMAs)

The Ministry reported that the composition of Community Resources Boards (CRBs) created under ZAWA in Game Management Areas as prescribed by *Zambia Wildlife Act* No. 12 of 1998 part III, is as follows:

- (i) "ten representatives which should include seven representatives from locally elected community (ex-official);
- (ii) one representative from the Local Authority (Area Councillor); and
- (ii) a Chief in whose area a board is established who would be a patron."

In addition, the Boards were free to invite any Government official to their meetings who might be useful in the aspects of their social development projects.

d) The number of Councils in Game Management Areas (GMAs) and amounts of money these Councils have received since ZAWA was created.

The Ministry reported that there were twenty-one Councils in GMAs which include:

- (i) **Eastern Province**
Chama, Lundazi, Mambwe, Nyimba and Petauke
- (ii) **Southern Province**
Kalomo, Kazungula, Mazabuka, Monze, Namwala and Itezhi-Tezhi
- (iii) **Lusaka Province**
Chongwe and Kafue
- (iv) **North-Western Province**
Kasempa, Mufumbwe and Mwinilunga/Chizera

- (v) **Western Province**
Sesheke and Shangombo
- (vi) **Luapula Province**
Samfya
- (vii) **Central Province**
Mumbwa
- (viii) **Northern Province**
Kaputa

Your Committee heard that no Council had received any funds from ZAWA because there was no provision in the *Wildlife Act* to apportion revenues generated from wildlife activities to Councils.

- e) ***The role of the Ministry of Local Government in assisting Councils who have difficulties in acquiring title deeds or duplicate certificates.***

The Ministry reported that the Councils were agents of the Commissioner of Lands, and as such, the Ministry did not have any role to play in assisting Councils to obtain title deeds. However, the Ministry sometimes mediated between the Councils and Ministry of Lands when problems of title deeds arose.

- f) ***The assistance the Ministry was going to give District Councils who are unable to engage Land Surveyors to survey plots which all Councils have been directed to set aside for construction.***

The Ministry reported that when such matters were brought to the attention of the Ministry, efforts were made to scout for funds from within the Ministry's budget as well as from the Ministry of Lands under the Land Development Fund to assist Councils who had no capacity to engage Land Surveyors.

- g) ***Steps the Ministry has taken to expedite the implementation of the proposed upgrading of the Decentralisation Secretariat to be headed by the Permanent Secretary.***

The Ministry reported that it was not the appointing authority for Permanent Secretaries. However, with or without the Permanent Secretary heading the Decentralisation Secretariat, the Ministry was going ahead with the implementation process and so far the Decentralisation Implementation Plan (DIP) had been submitted to Cabinet for approval.

- h) ***The status on Councillor's recommendations to receive gratuity.***

The Ministry reported that there was currently no provision in the statutes providing for the payment of gratuity to Councillors.

- i) ***The duration of agreement between Lusaka City Council and Agro fuels.***

The Ministry reported that the duration of an agreement between Lusaka City Council and Agro fuel was twenty-five years. The agreement would allow the developer to build a Supermarket on a piece of land within the boundary that the developer would run for a period of twenty-five years. However, the agreement was subject to review every five years.

- j) ***The status of the implementation plan for the Decentralisation Policy.***

The Ministry reported that the Ministry had completed the preparation of the Decentralisation Implementation Plan (DIP) that had been submitted to Cabinet Office for approval. Once Cabinet approved the DIP, the road map would be made and the implementation would commence.

- k) ***How the funds retained by Intercity Bus Terminus (K3, 491,717,000) and City Market Bust Station (K4, 197,224,400) have been applied or utilised?***

The Ministry reported that the funds collected from both Intercity Bus Terminus was K3, 491, 717, 000 while that one from the City Market Bus Station was K4, 361, 414, 000. Your Committee would be informed on the breakdown.

- l) ***The status of ZANAMA and ZATMA in collection of levies in Council Markets.***

The Ministry reported that according to the *Market Act* Cap 290, Councils were the only institutions mandated to

establish, run and collect levies in the areas of their jurisdiction. Therefore, no other organization or association other than Councils was empowered to collect levies from marketeers.

Your Committee was also informed that ZANAMA and ZATMA were marketeers' organizations whose members contributed subscriptions. However, the situation in Kitwe and probably elsewhere was that ZANAMA and ZATMA collected money from markets through other means either by asking members to contribute towards cleaning of the markets or for security purposes. The Ministry's view, however, was that these organizations must operate outside the markets so that they stop causing confusion in the running of the markets.

m) *The policy on the mushrooming containers that are placed in front of shops.*

The Ministry reported that the Ministry had taken note of the Committee's recommendation and had since asked the Council to develop with a clear policy on the containers placed in front of shops. The Permanent Secretary added that the Council had since met with shop owners so that this problem of containers could be addressed.

Making a general comment on the operations of markets, the Permanent Secretary informed your Committee that the Ministry would be tabling before Parliament, a Bill to repeal the *Markets Act* Cap 290. The Bill was intended among other things, to ensure that markets were run by independent Boards where the Council would be among the key stakeholders.

Commenting further on the Valuation Roll, the Permanent Secretary submitted that K5 billion was provided for in the 2006 National Budget. He informed your Committee that a detailed programme for the Valuation Exercise would be made available to the Members of Parliament.

On the Decentralisation Implementation Plan (DIP), the Permanent Secretary explained that the Decentralisation Implementation Plan (DIP) had been submitted to Cabinet for approval and that once that was done, a workshop for Members of Parliament would be convened, aimed at sensitising them on the status of the decentralisation policy and process.

Committee's Observations and Recommendations

1. Your Committee express concern on the slow pace regarding the implementation of the Decentralisation Policy. They urge the Government to upgrade the Secretariat to be headed by a Permanent Secretary.
2. Your Committee observe that there is urgent need to seriously review the *Local Government Act* and the conditions of service for Councillors so that gratuity could be paid. However, they are of the view that before the *Local Government Act* is reviewed, serious consideration should be made to pay Councillors "long service bonuses".
3. Your Committee express serious concerns on the mushrooming containers that were placed in front of shops. They recommend that urgent measures should be put in place to curb the high levels of corruption associated with the practice. Further, they urge the Government to investigate officers both at the Ministry of Local Government and Housing and the Council over the matter.

PART II

ACTION TAKEN REPORT ON THE COMMITTEE'S REPORT FOR 2005

Mpika District Council, Statutory Audit Report for the period 1st January 1996 to 31st December 2003.

40. *General Information*

Your previous Committee had requested the Ministry of Local Government and Housing to consider the Council's request on Personal Levy.

The Ministry reported that it was looking to the Ministry of Finance and National Planning to implement the proposed revision of Personal levy rates. The last increase of the current rates of Personal Levy were implemented in 1993.

Committee's Observations and Recommendations

Your Committee await an update on implementation of proposed revision of Personal Levy rates.

Chipata Municipal Council, Statutory Audit Report for the period 1st January 2000 to 31st December 2003

41. *Unaccounted for Constituency Development Funds (CDF)*

Your previous Committee had requested the Town Clerk to avail them a progress report on the outcome of the court case involving the three officials. They had urged the Town Clerk to ensure that constituency party officials were not involved in monitoring Constituency Development Fund Projects.

In response, the Ministry reported to your Committee that the matter was before the Court of Law. Your Committee would be notified of the progress when the Court passes judgement.

Committee's Observations and Recommendations

Your Committee await the outcome of the court case.

Purchase of items using CDF Funds without evidence by recipients

42. Kasenengwa Constituency

Your previous Committee had requested the Town Clerk to report progress on the outcome of the Court case.

The Ministry reported to your Committee that the matter involving the purchase of items using Constituency Development Funds (CDF) for Kasenengwa Constituency was before the Court of law. The Committee would be informed about the progress when the Court delivers judgement on this case.

Committee's Observations and Recommendations

Your Committee awaits the outcome of the Court case.

43. Chipata Central

Your previous Committee had requested the Town Clerk to report progress on the outcome of the court case.

The Ministry reported to your Committee that the matter was still before the Court of Law. Your Committee would be informed when the Court would deliver judgement.

Committee's Observations and Recommendations

Your Committee await the outcome of the Court case.

Katete District Council, Statutory Audit Report for the period 1st January 2000 to 31st December 2003.

44. Non preparation of financial statements for the Motel.

Your previous Committee had requested the Council Secretary to avail them a report on the pending Court case in respect of the former Council Secretary.

The Ministry reported to your Committee that the court case in respect of the former Council Secretary was pending before the Court of law. Your Committee would be notified when the Court would deliver judgement on the same case in due course.

Committee's Observations and Recommendations

Your Committee await the outcome of the court case.

Sesheke District Council, Statutory Audit Report for the period 1st January, 1999 to 31st December, 2003

45. General Comments

Your previous Committee had requested the Ministry of Local Government and Housing to state the position of the Barotse Royal Establishment in the running of markets.

In response, the Ministry reported that according to the Provincial Local Government Officer for Western Province in his minute reference LGHWP/102/36/9 dated 26th August, 2005, addressed to the Permanent Secretary Ministry of Local Government and Housing, stated that the current position was that Councils should run all markets situated in their areas of jurisdiction in all the districts in Western Province.

Committee's Observations and Recommendations

Your Committee are concerned that the Government has surrendered the markets to a Chief as this would be setting a difficult precedence because there are markets in all the other chiefdoms and as such this should be discontinued. The Ministry should find out who holds the Title for the markets and should also establish who built the market. Your Committee emphasis that the Barotse Royal Establishment should not be an exception for Chiefs to run markets.

Petauke District Council, Statutory Audit Report for the period 1st January, 2002 to 31st December, 2003

NYIKA MOTEL

46. *Unsupported Vouchers*

Your previous Committee had requested the Council Secretary to trace the supporting documents for the payment vouchers amounting to K150, 000.00 and report progress after verification.

In response, the Ministry stated that the Council had not yet recovered a sum of K150, 000.00 in respect of the unsupported payment vouchers from the affected worker. Your Committee would be notified of the progress when the money was recovered in due course.

Committee's Observations and Recommendations

Your Committee request the Ministry to expedite the recovery of K150, 000.00 and report progress to your Committee on the matter.

47. *Non Existence of Internal Audit Unit*

Your previous Committee had directed the Council Secretary to avail them a report after verification.

The Ministry informed your Committee that the Council had now advertised the positions in the Finance Department and that some applicants had already been short listed. The Internal Auditor position would be filled once the interviews had been conducted. Your Committee would be informed of the progress on the same in due course.

Committee's Observations and Recommendations

Your Committee await a progress report on the matter.

48. *Non- Production of Certificates of Title*

Your previous Committee had directed the Council Secretary to avail them a report after verification.

The Ministry reported that the Council had started the process of acquiring title deeds for the properties owned by the Council which include the Civic Centre, Rest House and Council Workshop. A letter had since been written to the Commissioner of Lands to have all Council properties be on title. A progress report would be availed to your Committee once the Titles have been acquired.

Committee's Observations and Recommendations

Your Committee await a progress on the acquisition of Titles.

Kabwe Municipal Council, Statutory Audit Report for the period 1st January, 1995 to 31st December, 2003

49. *Non-Production of Certificates of Title*

Your previous Committee had requested the Town Clerk to follow up the matter with the Ministry of Lands and report progress to them after verification.

The Ministry reported that the Council had written a letter reference KMC/101/25/6 dated 27th July, 2005, to the Commissioner of Lands requesting for acquisition of separate Certificates of titles for the properties which in the past were on block Title Deeds. Your Committee would be informed when the Council secured the Certificates of Titles for the affected nine (9) properties in due course.

Committee's Observations and Recommendations

Your Committee await a progress report made in securing Titles for the affected nine properties.

Monze District Council

50. *Non-Production of Certificates of Title*

Your previous Committee had asked for a progress report on the outcome of the valuation exercise.

The Ministry informed your Committee that original title deeds for twenty (20) Council properties which comprise various buildings were misplaced some years ago during the period when a Bailiff visited the institution. However, the Council had written to the Commissioner of Lands to ask for duplicate Certificates of Title. The Council was currently waiting to be issued with the said duplicate Certificates of Title by the Commissioner of Lands. Your Committee would be informed when the Council acquired the duplicate Certificates of title in due course.

Observations and Recommendations

Your Committee await a progress report of the acquisition of duplicate certificates of title.

Nyimba District Council, Constituency Development Fund 2001

51. General Comments

Your previous Committee had requested the Ministry of Local Government and Housing to seriously consider responding to the Council with regard to whether or not the applications for by-laws had been accepted or rejected. Further, they noted with dismay the fact that Community Resource Boards (CRBs) did not make any contributions to the local authorities in their locality. In this regard, they recommended that the Ministry of Local Government and Housing should liaise with the Ministry of Tourism, Environment and Natural Resources with a view to agreeing on a mechanism of sharing revenues from the game reserves. A progress report would be awaited.

The Ministry informed your Committee on these matters as set out hereunder:

- (a) Delay by the Ministry of Local Government and Housing to approve or reject by-laws submitted by the Council:

There was apparent delay in approving by-laws, this arose from the processes through which drafts from Councils pass. The Officers had to consider the by-laws to ensure that there had been made in accordance with the *Local Government Act* and ensure further that they were not repugnant to any other existing law. The officers dealing with this were not lawyers so there was a lot of consultation before the by-laws was submitted to the Minister.

The Minister then looked at the by-laws and approved them. At this stage, the by-laws are still in draft, and then they are sent to the Ministry of Justice and Attorney-General for consideration and putting them in the rightful legal language and in a Statutory Instrument format. Thereafter, the Statutory Instrument is sent back to the Ministry of Local Government and Housing for onward transmission to the Council for checking and ensuring that the draft by-law in Statutory Instrument format carries the intentions and purposes of the Council. The by-laws then are authenticated accordingly and sent back to the Ministry of Local Government and Housing for final confirmation and subsequent publication in the government gazette.

- (b) Sharing of Revenue from the Game Reserves

The Ministry as per recommendation of your Committee had commenced meetings with the officials from the Ministry of Tourism, Environment and National Resources on the mechanism of sharing the revenue collected by ZAWA with the Ministry.

Committee's Observations and Recommendations

Your Committee observe that the Ministry of Tourism had been making regulations that affect Councils' revenue collection. When making regulations, all line Ministries and stakeholders must be consulted. The situation that was obtaining was not benefiting the Councils. Revenue should be shared. They await a progress report on the matter.

Mambwe District Council

52. Unspecified Expenditure

Your previous Committee had directed the Council Secretary to follow up the matter with the Office of the District Commissioner. A progress report should be availed to them after verification.

The Ministry reported to your committee that the Council had not yet accounted for the sum of K14, 300,480.00 despite having written to the District Commissioner's Office Mambwe. The Council wrote minute No. MDC/57/1/1 dated 7th September, 2005, as a follow up to the District Commissioner's Office. The same minute was presented for verification. Your Committee would be notified of the progress when the sum of K14, 300.480.00 is accounted for in due course.

Committee's Observations and Recommendations

Your Committee urge the Council to quickly account for the sum of K14, 300,480.00 and to report progress on the matter.

Chama District Council, Statutory Audit for the period 1st January 2001 to 31st December 2003**53. Un-presented Accounting Documents**

Your previous Committee had urged the Council Secretary to trace the remaining thirty-two Receipt Books. A progress report should be availed to them after verification.

The Ministry reported to your Committee that the Council had since traced only seven (7) Receipt Books out of the thirty-two (32) Receipt Books which were not presented for audit. The Receipt Books were verified by the Ministry. Furthermore, the Council has been advised to refer the matter to the full Council for decision on the remaining twenty five (25) Receipt Books.

Committee's Observations and Recommendations

Your Committee urge the Council to maintain the documents properly. Further, qualified personnel should be employed in the Finance Department. They urge the Council Secretary to trace the remaining twenty-five Receipt Books. They await a progress report on the matter.

54. No Title Deeds Secured

Your previous Committee had urged the Council Secretary to follow up the matter with the Commissioner of Lands and report back progress to them after verification.

The Ministry reported to your Committee that the Council had not yet resolved the matter with the Commissioner of Lands though the Council had made a follow up. Your Committee would be informed accordingly.

Committee's Observations and Recommendations

Your Committee wondered why the Ministry of Local Government and Housing has failed to assist Councils obtain Title Deeds. They urge the Ministry of Local Government and Housing to assist Chama District Council resolve the issue.

INSPECTION AUDIT REPORT FOR THE PERIOD 1ST JANUARY, 2004 TO 31ST AUGUST, 2004**55. Misapplications and Misdirection of HIPC Funds**

Your previous Committee had requested the Council Secretary to avail them a report on the refund of K18 million to the HIPC Account.

The Ministry reported to your Committee that the Council had not yet refunded a sum of K18 million to the HIPC Account. Your Committee would be informed of the progress in due course.

Committee's Observations and Recommendations

Your Committee urge the Council to immediately refund the sum of K18 million to the HIPC Account.

Siavonga District Council, Statutory Audit Report for the period 1st January 2002 to 31st December 2003**56. Non-Acquisition of Title Deeds**

Your previous Committee had directed the Council Secretary to follow up the matter with the Ministry of Lands and report progress after two months.

The Ministry reported that Council made a follow up at the Ministry of Lands in order to obtain the Title Deeds for Lakeview Lodge, Council Butchery and Low Cost houses in Lusitu Sub Centre. However, the suspension of Siavonga District Council's land allocation Agency by the Minister of Lands in November, 2005, affected all issues pertaining to land administration by the District Council. The Council would report on the progress after the suspension was lifted and your Committee would be informed accordingly.

Committee's Observations and Recommendations

Your Committee urge the Ministry of Local Government and Housing to assist the Council to resolve the issue. They await a progress report on the matter.

57. *Non-Maintenance of Capital Assets Register*

Your previous Committee had directed the Council Secretary to complete the exercise in one month after which the matter must be presented for verification. A progress report should be availed to them.

The Ministry reported to your Committee that an inventory of all Capital projects undertaken during the period 2002-2003, was being prepared by the Council. It was hoped that the Capital Asset Registers for 2002 and 2003, would be finalised by the end of March, 2006 and progress would be reported to your Committee in due course.

Committee's Observations and Recommendations

Your Committee await a progress report on the matter.

58. *Excessive Debts at the Lake View Lodge*

Your previous Committee had given the Council Secretary one month to report progress on the collection of outstanding debts.

The Ministry reported to your Committee that deductions amounting to K7, 344,250.00 in respect of debts owed by Councillors from their allowances were effected. However, the amount of K27 million owed by the District Commissioner's Office in respect of accommodation and meals was still being pursued with the Office of the Permanent Secretary, Southern Province. Your Committee would be informed when the amount of K27 million had been paid by the Office of the District Commissioner, Siavonga District.

Committee's Observations and Recommendations

Your Committee await a progress report on whether the District Commissioner's office will settle the sum of K27 million.

Mazabuka Municipal Council, Statutory Audit Report for the period 1st January, 2002 to 31st December, 2003

59. *Non-Production of Certificates of Title*

Your previous Committee had requested the Town Clerk to follow up the matter with the Ministry of Lands and report progress after verification. They had advised that the Ministry of Local Government and Housing should assist Local Authorities acquire Title Deeds for Council properties without much delay.

The Ministry reported to your Committee that the Council had written to the Ministry of Lands to issue it with Title Deeds and recently the Director of Planning in the Council had been following it up with the Ministry of Lands. The item was reported to the Council for a fresh mandate and Council Minutes and a letter to the Ministry of Lands were presented for verification.

Committee's Observations and Recommendations

Your Committee urge the Ministry of Local Government and Housing to assist the Councils secure certificates of title.

Kabompo District Council

60. *General comments*

Your previous Committee had recommended that the Government should seriously consider reintroduction of the Local Government Service Commission, whose mandate would be to deal with matters relating to the hiring and firing of council staff.

The Ministry reported to your Committee that the matter had already been submitted to Cabinet for consideration and the Ministry was awaiting the decision of Cabinet.

Committee's Observations and Recommendations

Your Committee await an update on the decision of the Cabinet.

Decentralisation Policy

The Ministry's responses to the observations and recommendations made by your Committee on the Decentralisation Policy were set out hereunder:

61. *Involvement of Stakeholders in designing and implementation plan*

Your previous Committee had recommended to Government that the process of developing and designing the implementation plans should not only be expedited, but most importantly, should involve various stakeholders to guarantee success and sustenance in the implementation process.

Your Committee heard that the Decentralisation Secretariat for the last four (4) months had been consulting with various stakeholders including Local Authorities, Central Government Ministries, cooperating partners, civil society, and trade unions so as to build a wider understanding, acceptance and ownership of the proposed Decentralisation Implementation Plan. The process was complete and the Decentralisation Secretariat was in the process of incorporating the comments from the above consultations into the final draft of the Decentralisation Implementation Plan. This draft would be submitted to the Decentralisation Policy Implementation Committee (DPIC) for comments, then to Ministers for their comments, and finally to Cabinet for approval. There should be a Cabinet approved Decentralisation Implementation Plan by mid-February 2006.

With regard to fiscal arrangements, the Ministry reported that the Ministry of Finance and National Planning was currently working on interim measures to transfer funds to the District Commissioner's Office thus making the District Commissioner a sub-warrant holder. In view of the lack of capacity in the District Commissioner's Office to handle such funds, the measures included capacitating the Office of the District Commissioner with the relevant staff to manage the funds. However, the rightful custodian of district funds in line with the requirements of the Decentralisation Policy was the District Council. The Decentralisation Secretariat was working on developing a fiscal decentralisation formula that would enable the Ministry of Finance to directly transfer funds to the District Councils as sub-warrant holder. The formulae should be completed in 2006, for use in direct transfer of funds to the District Councils starting in 2007.

Committee's Observations and Recommendations

Your Committee observe that District Commissioners were not explicitly provided in the Decentralisation Policy but that the Policy has a provision for a civil servant to superintend over the operations of councils. Further, they are concerned that the Government is intending capacitating the office of District Commissioners at the expense of councils who will remain in the long run to implement the Decentralisation Policy. They, therefore, strongly recommend that funding should go directly to the councils and not through District Commissioners.

62. *Legal Framework for the Implementation of the Decentralisation Policy*

Your previous Committee had recommended that Government should formulate a legal framework to facilitate the implementation of the policy immediately through the enactment of a *Decentralisation Act*.

The Ministry informed your Committee that the development of a legal framework to facilitate the implementation of the Decentralisation Policy is to a large extent dependent on the commencement of sector devolution. The sector devolution process would identify the pieces of legislation that need to be amended to facilitate the implementation of the Policy. Already the Decentralisation Secretariat was in the process of setting up a Technical Committee to look into issues pertaining to the reform of existing legislation that was not consistent with the Decentralisation Policy. There may, therefore, be no need for the enactment of a *Decentralisation Act* as long as the Technical Committee; the Decentralisation Secretariat and the Ministry of Justice work together in amending the relevant pieces of legislation.

Committee's Observations and Recommendations

Your Committee observe that though there may not be need for the enactment of a *Decentralisation Act*, they are cognisant that the Local Government Act provides for councils to implement the Decentralisation Policy. They, therefore, recommend that all pieces of legislation that touch on the Decentralisation Policy be harmonised. They await a progress report on the matter.

63. *Decentralisation Department*

Your previous Committee had recommended the elevation of the Decentralisation Secretariat into a Department to be headed by the Permanent Secretary in order to enhance the implementation of the Decentralisation Policy.

The Ministry informed to your Committee that the idea of transforming the status of the Decentralisation Secretariat from a Unit in the Department of Local Government Administration in the Ministry of Local Government and Housing into an autonomous body responsible to the Ministry of Local Government and Housing would go a long way in enhancing the stature of the Secretariat among Government Ministries and Departments. It would accord the Secretariat freedom of quick decision making, quick response to issues and taking the necessary action, flexibility in managing its own funds, flexibility in hiring and determining conditions of service for the Secretariat staff, etc. The Secretariat would be able to

assert its authority in a more forceful way among the various players involved in the implementation of the Policy. It would boost its leadership position in the implementation of the Policy.

Elevating the position of head of the Secretariat from Director to that of a Permanent Secretary would also contribute to enhancing the stature and authority of the Secretariat among the actors involved in implementing the Policy. A Permanent Secretary for the Secretariat would communicate with his fellow Permanent Secretary's in other Ministries at par. A Permanent Secretary level position for the Secretariat is necessary especially when there is full-scale implementation of the Decentralisation Implementation Plan.

Committee's Observations and Recommendations

Your Committee, while cognisant of the advantages of elevating the Director of the Secretariat to the level of the Permanent Secretary in the Ministry of Local Government and Housing, urge the Government to expedite the process. They await a progress report on the matter.

Submission on various policy issues affecting the operations of Local Authorities: the Permanent Secretary, Ministry of Local Government and Housing

64. *Status on Valuation Rolls*

Your previous Committee had requested the Permanent Secretary to avail them a detailed report on progress made to complete the valuation exercise.

The Ministry reported to your Committee that twenty-two councils were enlisted for the exercise. Of the twenty-two, thirteen were completed and delivered, but awaiting approval. However, valuations were on going with the remaining nine.

Committee's Observations and Recommendations

Your Committee urge the Ministry of Local Government and Housing to facilitate the exercise and urge the councils to expedite the completion of the valuation rolls. Your Committee recommend that an update on all councils be availed to them.

65. *Status of Chiefs' Policy*

Your previous Committee had informed the Permanent Secretary that their input into the draft policy would be communicated through the Clerk's Office.

The Ministry noted your Committee's comment on this matter and was awaiting your Committee's input into the draft Chiefs' Affairs Policy, the modalities of this consultation would be done through the Clerk's Office.

Committee's Observations and Recommendations

Your Committee recommend that the draft Chiefs' Affairs Policy be reviewed by them.

66. *Criteria Used in Sending Grants to Local Authorities*

Your previous Committee had resolved that the issue of an agreed formula for disbursing grants to local authorities should be addressed urgently by all stakeholders if issues of bias, favouritism and suspicion were to be avoided. In this regard, your Committee agreed with the Permanent Secretary that the issue must be presented before Parliament for enactment.

The Ministry informed your Committee that in April/May 2005, it called for a stakeholders meeting to find an equitable formula to share the grants. Although this was not really a formula, an agreement was reached where Cities got a slightly higher amount, the Municipalities got slightly higher than District Councils. However, the Decentralisation Secretariat and the Local Government Association of Zambia (LGAZ) had been tasked to find an equitable formula to assist the Ministry disburse the Grants in an equitable manner so that district councils with less population and a low resource base were not disadvantaged. Once this is done, a Cabinet Memorandum would be prepared and a Bill sent to Parliament for amendment.

Committee's Observations and Recommendations

Your Committee await a progress report on the matter.

67. *Current Policy on Running of Markets and Bus Stations and Progress Made in Establishing Boards in these Institutions*

Your previous Committee had requested the Permanent Secretary to avail them a progress report in respect of statement made by the Republican President.

The Ministry informed your Committee that the Cabinet had approved a new Markets Bill which had provision for the creation of Statutory Boards to manage Markets and Bus Stations. These Boards would be established as soon as the approved draft Legislation is enacted into Law by Parliament. In the interim the Ministry of Local Government and Housing would maintain the status quo until the Statutory Boards are established.

Committee's Observations and Recommendations

Your Committee await a progress made in establishing the Statutory Boards to manage markets.

MINISTER'S REPORT ON AUDITED ACCOUNTS FOR 2005

68. *Role of the Ministry in Monitoring the Constituency Development Fund (CDF)*

Your previous Committee had urged the Permanent Secretary to expedite the commissioning of a comprehensive countrywide audit of CDF. They had expressed concern on the interference in the administration of CDF by political party officials. In this regard, they implored the Ministry to ensure that all officers and party officials adhered to guidelines.

The Ministry informed your Committee that it would continue to ensure that the CDF is not misapplied or its administration be interfered with by political parties, but that it should reach the intended beneficiaries. The auditing of the CDF had commenced already and the findings would be submitted before your Committee

Committee's Observations and Recommendations

Your Committee await a progress report on the matter.

PART III

Tour Report of selected Local Authorities in Northern Province and Mkushi District Council in Central Province

69. *Tour of Isoka District Council*

- (a) Your previous Committee had recommended that the Ministry of Local Government and Housing should liaise with the Ministry of Tourism, Environment and Natural Resources with a view to working out a mechanism to share game licence fees;

The Ministry reported to your Committee that a proposal would be made to Ministry of Tourism, Environment and Natural Resources to work out a mechanism for sharing revenues from Game Licence fees between the Zambia Wildlife Authority (ZAWA), Councils, and local communities.

Committee's Observations and Recommendations

Your Committee await an update on the matter.

- (b) Your previous Committee had recommended that the Ministry of Local Government and Housing should liaise with the Commissioner of Lands to expedite the processing of Title Deeds to enable the Councils to value council properties.

The Ministry reported to your Committee that the Commissioner of Lands would be requested to urgently issue Title Deeds for properties of both Councils and private developers to assist to boost the Councils' revenue from rates.

Committee's Observations and Recommendations

Your Committee awaits a progress report on the matter.

70. *Tour of Nakonde District Council*

- (a) Your previous Committee had directed that the Ministry of Local Government and Housing should expedite the approval of the application of the extension of the Township Boundary which was submitted by the Council.

The Ministry informed your Committee that it was seriously looking at the matter of Nakonde Township boundary and the Council would soon be informed on the decision as consultations are still going on over the matter.

Committee's Observations and Recommendations

Your Committee wait to be informed of what specific measures that had been put in place.

71. *Tour of Mpulungu District Council*

- (a) Your previous Committee had recommended that the Ministry of Local Government and Housing should expedite the processing of documents in respect of the expansion of the Township Boundary that the Council submitted.

The Ministry was processing the documents submitted on the expansion of Mpulungu Township boundary and was currently making consultations over the matter. The Council would soon be informed on the decision.

Committee's Observations and Recommendations

Your Committee waits to be informed of the progress made on the matter.

- (b) Your previous Committee had recommended that the Ministry of Local Government and Housing should assist the Council with fire fighting equipment to mitigate against dangers associated with fire.

The Ministry informed your Committee that it was in the process of establishing a fire station in Mpulungu. The building to be used had already been identified and some funds were released last year towards the rehabilitation works. Furthermore, the Ministry procured and provided some ancillary fire fighting equipment to Mpulungu on 15th February, 2005. In the event of the Government acquiring some fire fighting vehicles, Mpulungu District would be allocated one vehicle.

Committee's Observations and Recommendations

Your Committee await an update on the mater.

72. *Tour of Mkushi District Council*

- (a) Your previous Committee had recommended that the Ministry of Local Government and Housing should expedite the processing of Valuation Rolls and applications for by-laws.

In response, the Ministry reported to your Committee that the last valuation roll for Mkushi District Council was prepared in 1994, by Messrs Chibwe and Company. Government Valuation Department had awarded tenders to the private sector to prepare valuation rolls for some councils, and Mkushi District Council was amongst them. Inspections were expected to commence soon.

The Department was introducing new software and training members of staff in modern mass appraisal techniques, to speed up the process of preparing valuation rolls in recognition of the outcry over the lengthy period taken to prepare valuation rolls. The current methods used, requires physical verification of every property and this takes time especially with larger towns and cities. In addition, data was captured in the field and then it was processed after officers returned to the office, which added to the lengthy period. The new techniques were expected to cut the preparation period by two thirds.

The Ministry reported that, the Council had made a recommendation to the Ministry to appoint a Valuation Surveyor to up date its Valuation Roll which was last done in 1980, by Messrs Chibwe and Company Valuation Surveyors based Ndola. The Ministry had further noted your Committee's advice to expedite the processing of by-laws.

Committee's Observations and Recommendations

Your Committee waits to be informed of the progress made on the matter.

PART IV

Consideration of the Action-Taken Report on the Committee's Report on the House of Chiefs and Chiefs' Affairs and on Management of Markets and Bus Stations

- 73. *Review of the House of Chiefs Regulations (Statutory Instrument No. 41 of 1998)***

Your previous Committee had requested the Permanent Secretary to furnish them with a detailed report on the proposed amendments to enable them make informed decisions.

The Ministry informed your Committee that the proposed amendment to the House of Chiefs Regulations, (Statutory Instrument No. 41 of 1998) were handed over to the Minister of Local Government and Housing in 2004 for appropriate action. The proposed amendments were yet to be effected by Government.

Committee's Observations and Recommendations

Your Committee awaits an update on the matter.

74. Power to Employ

Your previous Committee had requested the Ministry to revisit the organisational structure and to ensure that all key personnel were recruited. A progress report should be availed to them.

The Ministry reported that the administration of employment in the Civil Service is a preserve of the Public Service Commission. The positions at the House of Chiefs had been filled except those of Research Officer, Legal Officer and Transcriber.

Additionally, there was need for the creation of the post of Editor to check the work of Transcribers before compilation and binding of Hansards.

Committee's Observations and Recommendations

Your Committee awaits a progress report made on filling of the vacancies.

75. Intercity Bus Terminus

Your previous Committee had expressed concern at the delay to construct the necessary facilities at the station, especially that the station was collecting huge sums of revenues from buses. They had requested that urgent measures be put in place to address the matter.

The Ministry reported to your Committee that the drawings and Bill of Quantities for the ticketing offices were ready as reported before. Procurement of works would be undertaken once the Board gave the go-ahead. The Kiosks and bus shelters would be constructed after the ticketing offices.

Committee's Observations and Recommendations

Your Committee await a progress report on the matter.

76. Expansion of Dedan Kimathi Road

Your previous Committee had requested the Ministry to furnish them with a report on the current status of the project.

The Ministry reported to your Committee the status of the project to expand Dedan Kimathi Road and Traffic Control along the same road was as follows:

- (i) rehabilitation and expansion of Dedan Kimathi Road had been put in this Year's Annual Work Plan (AWP) which had been submitted to the Ministry of Local Government and Housing;
- (ii) the National Road Fund Agency (formerly National Roads Board) had suspended the cost sharing initiative, the reason why the option of shared cost of rehabilitation was not pursued. The Council however had been informed that the scheme had resumed. The Lusaka City Council Engineering Department would facilitate the rehabilitation of the road through this scheme;

Committee's Observations and Recommendations

Your Committee urge the Ministry of Local Government and Housing to use the Accelerated Road Rehabilitation Programme for the road because Lusaka City Council does not have the capacity.

Consideration of the Action-Taken Report on the Committee's Main Report for 2004

Sinazongwe District Council, Statutory Audit Report on the Accounts for the Period 1st January 1999 to 31st December 2001.

77. Valuation Roll

Your previous Committee had expressed concern on the delay by the Council to make follow ups with the Ministry of Lands. In a similar vein, they call on the Ministry of Local Government and Housing to liaise with their counterparts at

the Ministry of Lands to help all local councils faced with delays in obtaining Title Deeds from the Commissioner of Lands.

The Ministry reported to your Committee that inspections of all rateable properties in the subject district were done. However it was discovered that of the total number of properties found in the district only eleven (11) were registered at Lands and Deeds Registry in the Ministry of Lands as legal holder of Title Deeds; over two hundred (200) properties were still on offer whilst others were to be subdivided so as to be issued with separate Titles in which to date nothing has been done.

Considering the amendments in the *Rating Act* No. 12 of 1997 which requires only Title holders of the properties to be rated, this meant that the Council would lose revenue if the roll was to be prepared, considered and effected contrary to what were the requirement of the old Act which allowed even properties that did not hold Titles as long as they fell into the District boundaries to be rated and hence, their inclusion in the valuation rolls.

The Ministry communicated with the Council in October 2003, explaining the difficulties which were encountered and requested to make follow ups at the Ministry of Lands in order to obtain Title on those properties which were still on offer at the time of inspection. However several reminders and telephone conversations were made to the Council Secretary in trying to find out how far they had gone with the Ministry of Lands on the issue. Valuations and draft roll were done pending a response from Sinazongwe District Council.

Furthermore, the Ministry had written a minute to the Ministry of Lands to assist Local Authorities to acquire Certificates of title for their properties.

Committee's Observations and Recommendations

Your Committee urge the Council to rate all the properties that were on Title. Further, they urge the Ministry of Lands to expedite the issuance of Title Deeds to property owners and the Councils should evaluate all properties on Title Deeds in order to rate them. They await an update on the matter.

78. *Luangwa District Council on the un-remitted Pay As You Earn (PAYE) to Zambia Revenue Authority*

Your previous Committee had requested the Ministry to avail them a progress report on efforts being made to liquidate the outstanding amounts to ZRA. They reiterated that the Council should be paying salaries at gross and remit all statutory dues to respective statutory boards.

The Ministry reported to your Committee that the Council had not yet liquidated the outstanding amount of Pay As You Earn (PAYE) to ZRA for the period under review.

Committee's Observations and Recommendations

Your Committee await an update on the matter.

Chadiza District Council, Constituency Development Fund

79. *Unaccounted for Funds*

Your previous Committee had requested the Ministry not to be indifferent to the issue. They urged the Ministry to assist the Council recover funds from all erring officers in the Council and from political party officials.

The Ministry reported to your Committee that the Council had since reported the matter to police to assist in the recoveries of funds not accounted for by some erring officers of the Council and some officials of Political Parties.

Committee's Observations and Recommendations

Your Committee await an update on the matter.

Kawambwa District Council

80. *Unaccounted for Materials*

Your previous Committee had requested the Ministry to avail them a progress report on the matter. They further express concern on the delay by the Council to resolve the matter.

The Ministry reported to your Committee that the Council had not yet accounted for materials totalling K3, 634,000.00 as evident from the minute letter DC/KAW/LP/13/4/5 dated 4th August, 2004.

Committee's Observations and Recommendations

Your Committee urge the Council to account for the materials totalling K3, 634,000.00.

81. *Unaccounted for Materials for the Bus Shelter*

Your previous Committee had expressed concern on the delay by the Council to resolve the matter.

The Ministry reported to your Committee that the Council had since accounted for materials worth K1, 016,800.00 leaving a balance of K1, 957,200.00 unaccounted for as per the District Commissioner's letter of 4th August, 2004.

Committee's Observations and Recommendations

Your Committee urge the Council to account for the balance of K1, 957,200.00.

Nakonde District Council, Statutory Audit Report on the Accounts for the Period January, 2000 to December, 2003**82. *Missing Accounting Documents***

Your previous Committee had directed the Council Secretary to refer the matter to the full Council for a decision. A report on the matter should be availed to them.

The Ministry reported to your Committee that the matter had not yet been referred to the full Council Meeting for a decision. Your Committee would be informed about the full Council's decision on the missing 137 payment vouchers, which were not presented to the Auditor during auditing of the period under review.

Committee's Observations and Recommendations

Your Committee awaits the decision of the full Council's decision on the missing 137 payment vouchers.

Mbala Municipal Council, Statutory Audit Report on the Accounts for the period 1st January, 1995 to 31st December, 2002.**83. *Diversion of Chiefs Subsidies and Retainers' Wages to Council Operations***

Your previous Committee had wanted a progress report on the matter regarding the settlement of the remaining balance of K2, 326,958.00 to the Chiefs' Account.

The Ministry reported to your Committee that the Council had since refunded a sum of K2, 102,614.00 paid on Cheque Nos. 25193, 000639, 4077, 4085, 4020, 4019 and 40967 to the Chiefs Account. The documents were verified by the Ministry.

Your Committee would be informed about the recovery of the remaining balance of K224, 344.00 from the Council's District Fund Account to the Chiefs' Account. In case, the Council takes long to reimburse the balance to the Chiefs' Account, the Ministry would recover the balance of K224, 344.00 from the monthly grants due to Mbala Municipal Council and remit to the Councils Chiefs Account.

Committee's Observations and Recommendations

Your Committee await an update on the matter.

Namwala District Council**84. *Non-Maintenance of Register of Assets***

Your previous Committee had requested the Council Secretary to expedite the process of numbering the plots with the Commissioner of Lands.

The Council had been advised to inform the Ministry when the numbering of the remaining properties would be finalised. However, progress on the work was hampered by the vacant position of Director of Works. The position would be filled by the end of April, 2006.

Committee's Observations and Recommendations

Your Committee await a progress report on the matter.

Consideration of the Action-Taken Report on the Committee's Report for 2003.

Chinsali District Council, Statutory Audit Report for the Period 1st January, 1996 to 31st December, 1996

85. Valuation of Council Properties

Your previous Committee had wanted a progress report on the matter.

The Ministry reported to your Committee that the Council had not yet secured the funds to carry out a valuation exercise. Your Committee would be notified of the progress in due course.

Committee's Observations and Recommendations

Your Committee await a progress report on the matter.

Mkushi District Council

86. Staff Transfers in Councils

Your previous Committee had wanted a progress report on the matter.

The Ministry reported to your Committee that the issue of transfers in Councils involving senior staff had been included among the proposed amendments to the *Local Government Act* Cap. 281 of the Laws of Zambia which would be considered by Cabinet in 2006.

Your Committee would be informed of the Cabinet decision on the proposal in due course.

Committee's Observations and Recommendations

Your Committee await an update on the matter.

Choma Municipal Council, Statutory Audit Report for the Period 1 January, 2000 to 31 December, 2001

87. Irregular Payment to Former Town Clerk

Your previous Committee had requested a progress report on this matter.

It was stated in the Action Taken Report that the Town Clerk, Choma Municipal Council had written a minute dated 6th January, 2006 to the Permanent Secretary, Ministry of Local Government and Housing to assist his Council to recover the sum of K3,508,000.00 from the grant of Lusaka City Council. This was in connection with the same amount which was paid to the former Town Clerk who was seconded by Lusaka City Council to Choma Municipal Council. The Lusaka City Council had already paid him the money for his trip to the United States of America (USA).

Your Committee would be informed when the recovery was effected by the Ministry in due course.

Committee's Observations and Recommendations

Your Committee express serious concern that the Ministry of Local Government and Housing could contemplate recovering the sum of K3, 508,000.00 from Lusaka City Council. They note that this transaction actually amounted to fraud by the officer. Accordingly, therefore, the Committee direct that the amount should not be recovered from the Lusaka City Council, but should be recovered from the officer in his individual capacity. They, further, direct that if the officer was still owed any benefits by Choma Municipal Council, the total amount should be recovered from his benefits before the officer could be paid.

Submission by the Permanent Secretary, Ministry of Local Government and Housing

88. House of Chiefs

Your previous Committee had requested a progress report on the matter.

The outstanding bills for rehabilitation of the House of Chiefs had been further reduced to K92 million as at 31st December, 2002, but had since increased due to the final certificate which was issued by Ministry of Works and Supply in July, 2005 of K137 million bringing the total to K229 million.

Committee's Observations and Recommendations

Your Committee await a progress report on the efforts being made to clear the outstanding bills.

The Action-Taken Report on the Committee's Report for 2002.

Kalulushi Municipal Council, Statutory Audit for the Period 1st January, 1992 to 31st December, 1994

89. *Outstanding Special Advance*

Your previous Committee had requested a progress report on the matter.

The Ministry reported to your Committee that the information on the progress made to recover a sum of K318, 000 from Mbala Municipal Council was that the Town Clerk had written under minute No. TC/1/14/1 dated 4th January, 2005 to the Ministry of Local Government and Housing requesting to recover K318,000.00 advanced to the then Acting Council Secretary for Mbala District Council to enable him buy a tyre for a Sisu truck from the monthly grants due to the Council.

The Ministry had not yet recovered the sum of K318, 000.00 from the Grants of Mbala Municipal Council and remitted to Kalulushi Municipal Council. Your Committee would be informed when the transaction was effected in due course.

Committee's Observations and Recommendations

Your Committee noted the submission and seeks a progress report on the matter.

Mongu Municipal Council, Statutory Audit for the Period 1st January 1993 to 31st December 1999.

Housing Development Revolving Fund Account

90. *Wrongly Paid Councillors Allowances*

Your previous Committee had requested a progress report on this matter.

The Ministry reported to your Committee that the Council had since presented to the Ministry for verification the minutes that authorised the payment of allowances to the Councillors from the Housing Development Revolving Fund.

Committee's Observations and Recommendations

Your Committee noted that these funds were meant for housing development; therefore, disciplinary action should be taken against all officers responsible for the misapplication of the funds. They await a progress report on this matter.

91. CONCLUSION

Your Committee are indebted to all Town Clerks, Council Secretaries and the Ministry of Local Government and Housing for the co-operation rendered during the consideration of the Report of the Honourable Minister of Local Government and Housing on audited accounts.

Your Committee thank the offices of the Auditor-General and that of the Clerk of the national Assembly for the advice rendered during the deliberations.

Finally, your Committee wish to record their indebtedness to you, Mr Speaker for the guidance given during the session and the year under review.

June 2006
LUSAKA

Mrs R M Musokotwane
CHAIRPERSON