



REPUBLIC OF ZAMBIA

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE

**REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE
REPUBLIC FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2019**

FOR THE

FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY

Published by the National Assembly of Zambia

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REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE REPUBLIC FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2019, FOR THE FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY

Membership of the Committee

1. The Committee consisted of Mr H Kunda, MP (Chairperson); Ms B M Tambatamba, MP (Vice Chairperson); Mr M Mbulakulima, MP; Mr C Mweetwa, MP; Mr T J Kasonso, MP; Mr K Simbao, MP; Ms D Mwape, MP; Mr A C Mumba, MP; Mr V Lumayi, MP; and Mr A K Mukosa, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,

The Committee has the honour to present its Report on the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2019 for the Fifth Session of the Twelfth National Assembly.

Functions of the Committee

2. The functions of the Committee are set out in Standing Order No. 153 (3) of the National Assembly Standing Orders, 2016.

Meetings of the Committee

3. The Committee held twenty six meetings to consider the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2019.

Procedure adopted by the Committee

4. With technical guidance from the Auditor General, the Accountant General and the Controller of Internal Audit, the Committee considered both oral and written submissions from Controlling Officers of ministries and institutions that were cited in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2019. The Secretary to the Treasury was also requested to comment on the status of financial management in all the ministries and institutions cited in the Report.

This Report contains the observations and recommendations of the Committee structured in two parts. Part I of the Report deals with the Auditor General's comments and the response from the Secretary to the Treasury. Part II captures the responses from Controlling Officers on the individual audit queries.

PART 1

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

A. EXECUTIVE SUMMARY

5. The Auditor General's Report was produced in accordance with Article 250 of the *Constitution of Zambia (Amendment) Act, No. 2 of 2016*, *Public Finance Management Act, No.1 of 2018* and *Public Audit Act, No. 13 of 1994*.

During the audit process, there were various levels at which the Office interacted and communicated with Controlling Officers whose accounts were audited. The purpose of this interaction was to provide an opportunity for the Controlling Officers to clarify and take corrective action on the findings of the audits.

The audit findings mentioned in the Report were those which were not resolved during the audit of Accounts for the Financial Year Ended 31st December, 2019 and outstanding matters as reported in the Treasury Minute (Action Taken Report) for the period 2012 to 2016, from the Ministry of Finance.

In addition, the Report contained audit recommendations which were aimed at addressing various findings observed during the audit process.

Some of the findings raised in this Report were:

- i. weaknesses in the implementation of Information and Communications Technology (ICT) systems;
- ii. failure and delays in the collection of Government revenue;
- iii. failure to maintain books of accounts and accounting records;
- iv. weaknesses in procurement and contract management;
- v. failure to update and reconcile the Establishment Register and the staff assignment;
- vi. failure to deduct and remit statutory contributions;
- vii. failure to secure properties with title deeds; and
- viii. failure to insure Government assets.

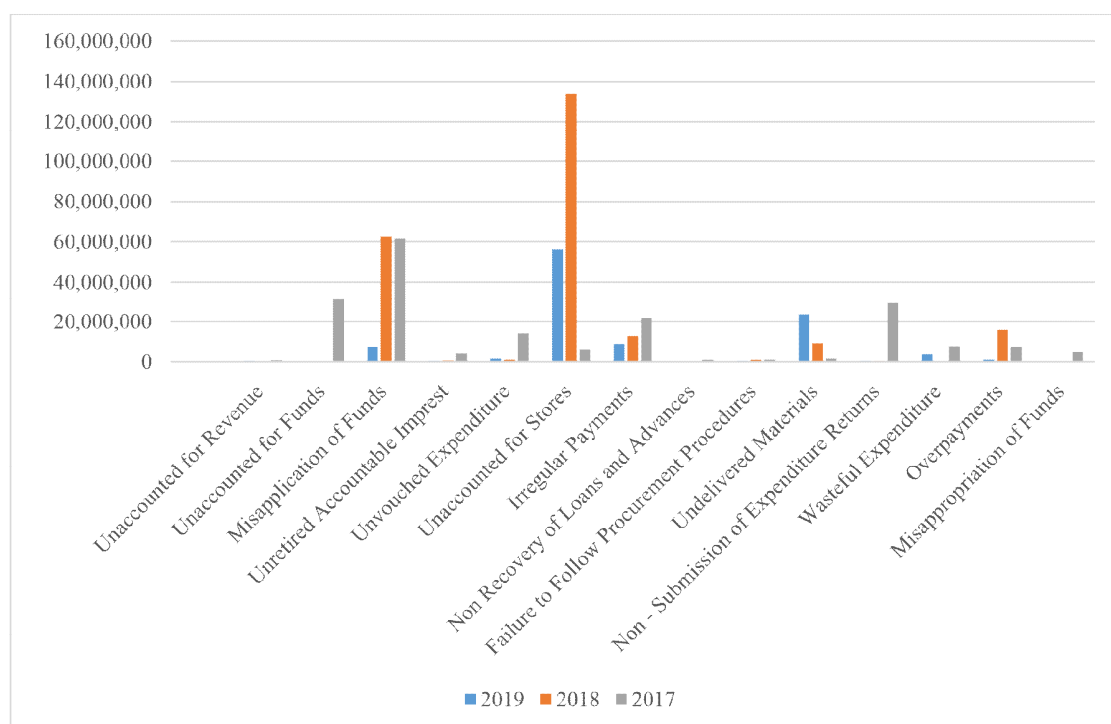
Table 1.0 and figure 1 below show a comparative summary of other audit findings contained in the Report.

Table 1.0: Summary of the Audit Findings

No.	Details	2019 K	2018 K	2017 K
1	Unaccounted for Revenue	528,431	143,179	873,649
2	Unaccounted for Funds	183,886	26,000	31,200,930
3	Misapplication of Funds	7,455,275	62,432,136	61,657,450
4	Unretired Accountable Imprest	480,660	667,703	4,073,434

5	Unvouched Expenditure	1,539,431	1,033,754	14,137,189
6	Unaccounted for Stores	56,220,368	133,815,072	6,370,531
7	Irregular Payments	8,952,156	12,767,837	21,791,360
8	Non Recovery of Loans and Advances	-	201,572	901,507
9	Failure to Follow Procurement Procedures	504,500	879,000	1,051,686
10	Undelivered Materials	23,510,118	9,195,241	1,486,568
11	Non - Submission of Expenditure Returns	502,250	301,830	29,409,484
12	Wasteful Expenditure	3,730,864	222,534	7,865,395
13	Overpayments	1,109,176	15,824,166	7,437,149
14	Misappropriation of Funds	-	61,354	5,036,051

Figure 1: Comparative Summary of the Audit Findings



Treasury Response

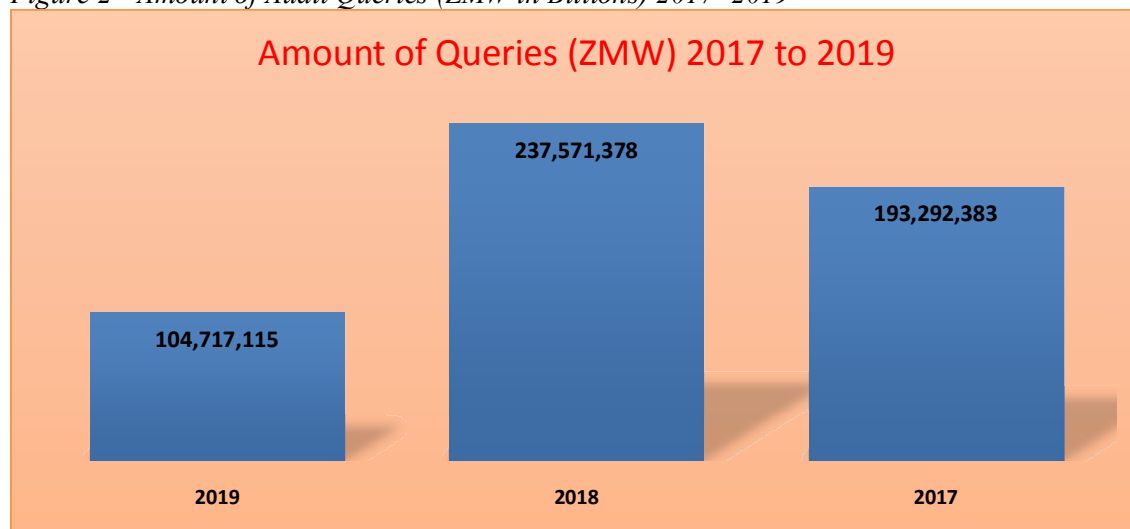
The Secretary to the Treasury submitted that the trend of irregularities raised had continued to be similar to the preceding years and major among these were the following:

- weaknesses in the implementation of Information and Communications Technology (ICT) systems;
- failure and delays in the collection of Government revenue;
- failure to maintain books of accounts and accounting records;

- iv. weaknesses in procurement and contract management;
- v. failure to update and reconcile the Establishment Register and the Staff Assignment;
- vi. failure to deduct and remit statutory contributions;
- vii. failure to secure properties with title deeds; and
- viii. failure to insure Government assets.

The Committee was informed that the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2019, showed a substantial decrease in value of the issues queried from K237,571,378 in 2018 to K104,717,115 in 2019, representing a decrease of about 56 per cent. Figure 2 below illustrates the decrease in values.

Figure 2 - Amount of Audit Queries (ZMW in Billions) 2017 -2019



The Secretary to the Treasury also submitted that the bulk of the queried values was attributed to two items namely, unaccounted for stores (K56,220,368) and undelivered materials (K23,510,118). The two accounted for 76 per cent of the total amount queried. As regards the audit queries in the Executive Summary, the Secretary to the Treasury made observations set out below:

1.1 Undelivered Materials

There was a sharp increase in the queries related to undelivered materials, from K9,195,241 in 2018 to K 23,510,118 in 2019, giving an increase of K14,314,877, representing 156.5 per cent.

1.2 Irregular payments

Queries related to irregular payments decreased from K12,767,837 in 2018 to K8,952,156 in 2019, giving a decrease of K3,815,681, representing a 30 per cent drop.

1.3 Failure to follow tender procedures

There was a decrease on this query with the movement from K879,000 in 2018 to K504,500 in 2019, representing a 42 per cent drop.

1.4 Wasteful Expenditure

Wasteful expenditure increased by 1576.5 per cent in 2019, to K3,730,864, from K222,534 in 2018.

1.5 Overpayments

Queries related to overpayments saw a decrease from K15,824,166 in 2018 to K1,109,176 in 2019, representing a 93 per cent drop.

1.7 Unaccounted for Revenue and Funds

The Treasury had been implementing innovations in ministries, provinces and other government agencies with a view to enhancing revenue collections. This had, to some extent, led to the reduction in the unaccounted for revenue, even though there was an increase as compared to the previous year from K143,179 in 2018 to K528,431 in 2019, representing a 369 per cent increase.

1.8 Misapplication of Funds

The *Public Finance Management Act, No. 1 of 2018* had criminalised misapplication of funds, thereby causing the positive movement with regard to the query, which had tremendously reduced from K62,432,136 in 2018 to K7,455,275 in 2019, representing 88 per cent drop.

1.9 Unretired Accountable Imprest

Unretired accountable imprest also reduced in 2019 by 28 per cent to K480,660 from K667,703 in 2018.

2.0 Unvouched expenditure

The *Public Finance Management Act, No. 1 of 2018* had recognised electronic payments, unlike previously where auditors only relied on manual payment vouchers. This move had led to the huge reduction in the queries related to unvouched expenditure.

2.2 Misappropriation

There was no misappropriation recorded in 2019. It must be noted that even in the 2018 report, there was some insignificant amount of misappropriation. This could be attributed to the enactment of the *Public Finance Management Act, No. 1 of 2018* and the subsequent sensitisation programme which the Treasury embarked on during the period under review.

2.3 Non Recovery of Loans and Advances

There was no query regarding non recovery of loans and advances in the 2019 Audit Report. This could also be attributed to the enactment of the *Public Finance Management Act, No. 1 of 2018* and the subsequent sensitisation programme implemented by the Treasury.

In order to improve public finance management and the control environment, the Treasury would undertake the following measures:

- i. enhance the process of contracting banks to ensure that commercial banks strictly adhered to the instructions issued by the Government on the opening, renewal and closing of all government accounts. This implied that in an event that an office holder colluded with officials from the banks to defraud the Government, the risk would be passed on and be borne by the Banks;

- ii. the Treasury shall ensure that advance payments to suppliers of equipment, goods, services, and contractors were discouraged and ensure ministries, provinces and other government agencies strictly adhered to contract terms approved by the Attorney General;
- iii. ensure that Controlling Officers appropriately planned and put in place adequate internal controls for the revenue collection and expenditure by:
 - a. adhering to relevant laws, regulations, circulars, and minutes;
 - b. establishing and maintaining an effective, efficient, and transparent system of financial and risk management as well as adequate and robust internal controls;
 - c. managing, public resources prudently and safeguarding them;
 - d. taking effective and appropriate steps to collect revenues due to the Government that was under their charge;
 - e. preventing irregular or wasteful expenditure, misapplication of funds, theft or loss resulting from negligence or criminal conduct;
 - f. taking immediate, effective, and appropriate disciplinary steps against erring office holders in the ministry or department under their charge; and
 - g. taking immediate and appropriate action on internal and external audit observations and recommendations;
- iv. ensure that Controlling Officers strictly adhered to procurement procedures and all contract provisions;
- v. ensure that Controlling Officers promptly updated the Establishment Register and placement of staff at designated duty stations;
- vi. ensure that all the assets under the charge of the Controlling Officers were appropriately secured and insured; and
- vii. ensure that Controlling Officers deducted taxes and other statutory contributions promptly and timely remitted them to the respective institutions.

The above measures were expected to address most of the queries in the Report of the Auditor General as they sought to ensure proactive action by Controlling Officers, unlike the current situation where issues were acted upon after audit revelations at end of the Financial Year.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

B. INTRODUCTION

The Auditor General's Report was produced in accordance with Article 250 of the Constitution of Zambia as amended by Act No. 2 of 2016, *Public Finance Management Act, No. 1 of 2018* and the *Public Audit Act, No. 13 of 1994*. Article 212 of the Constitution required the Auditor General to, not later than nine months after the end of a financial year, submit an audit report to the President and the National Assembly, on the accounts of the Republic audited in respect of the preceding financial year.

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

- i. audit the accounts of state organs, state institutions, provincial administration, local authorities and institutions financed from public funds;
- ii. audit the accounts that related to the stocks, shares and stores of the Government;
- iii. undertake financial and value for money audits, including forensic audits and any other type of audit, in respect of a project that involved the use of public funds, and

iv. ascertain that money appropriated by Parliament or raised by the Government and disbursed:

- ☐ had been applied for the purpose for which it was appropriated or raised,
- ☐ was expended in conformity with the authority that governed it, and
- ☐ was expended economically, efficiently, and effectively.

Treasury Response

The Secretary to the Treasury submitted that the facts were correctly stated by the Auditor General as regards the Report on the Accounts of the Republic for the Financial Year Ended 31st December, 2019. The said Report was tabled before the National Assembly in accordance with the provisions of Article 250 of the Constitution of Zambia as amended by Act No. 2 of 2016, after certification of each appropriated Account as reflected in the Financial Report for the Year Ended 31st December, 2019. The Financial Report was tabled before Parliament by the Minister of Finance, in accordance with the provisions of the Constitution of the Republic of Zambia.

Committee's Observations and Recommendations

The Committee notes the response.

C. SCOPE OF AUDIT

The audit scope covered the accounts and records of ministries, provinces and agencies (MPAs) and other institutions financed from public funds for the Financial Year Ended 31st December, 2019. Although the Report related to the Financial Year Ended 31st December 2019, in some cases observations that required updating were reported as of September, 2020.

Treasury Response

The Secretary to the Treasury submitted that the scope of the audit was as stated by the Auditor General in that accounts and records of ministries, provinces and agencies (MPAs) and other institutions were reviewed and formed the basis of interactions with Controlling Officers.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

D. CONSTRAINTS

i. Staff

The staffing position in the Office had over the years been improving. However, staffing levels were still not commensurate with the number of Government programmes being undertaken throughout the country. As of 31st December, 2019, the Office had an establishment of 736 positions, of which 634 were available while the balance of 102 positions were frozen. Out of the available positions, 618 were filled while sixteen were vacant.

Treasury Response

The Secretary to the Treasury submitted that the matter was noted, and the Treasury would continue engaging the Auditor General to address the challenges of filling the remaining sixteen vacant positions and the unfreezing of the 102 frozen positions, in order to improve staffing levels of the institution.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Secretary to Treasury to ensure that requisite funding is made available to the Office of the Auditor General to enable the Office to fill up the sixteen vacant positions. The Committee also urges the Secretary to the Treasury to engage the Auditor General, in order to have the 102 positions unfrozen. The Committee will await a progress report on the matter.

ii. Transport

The Office had presence in all the ten provinces in the country and the nature of its operations required travelling to all districts in the country, including far flung areas with bad terrain. During the period under review, the Office faced a challenge of an inadequate and aging fleet of motor vehicles required for use in executing its mandate, as most of the vehicles were procured between 2007 and 2015. Consequently, this continued to negatively impact the targeted time of completing the audit activities.

Treasury Response

The Secretary to the Treasury submitted that the transport challenge being experienced by the Office of the Auditor General was noted and the Treasury would engage the Auditor General to address the matter.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to address the transport challenge which the Office of the Auditor General is facing, without delay. The Committee will await a progress report on the matter.

iii. Information and Communications Technology Equipment

During the period 2017 to 2019, the number of staff increased from 524 to 618. This resulted in the need to provide information and communications technology (ICT) equipment for the new staff. Although the Office received support from the Government and cooperating partners in ICT, a gap still existed.

Treasury Response

The Secretary to the Treasury submitted that the matter was noted, and the Treasury would engage the Auditor General to see how best the Treasury could help in dealing with the ICT gap.

Committee's Observations and Recommendations

The Committee calls upon the Secretary to the Treasury to take concrete measures to address the challenge of inadequate ICT equipment at the Office of the Auditor General without undue delay. The Committee will await a progress report on the matter. .

iv. Coronavirus Disease 2019 (COVID-19)

The audits of Accounts for the Financial Year Ended 31st December 2019, conducted in 2020 were adversely affected by the COVID-19 pandemic. This resulted in suspension or scaling down on the scope of the audits, to adhere to the public health guidelines issued by the Ministry of Health. In addition, the provision of audit information was delayed because of the absence of key personnel in the client offices.

Treasury Response

The Secretary to the Treasury submitted that the facts were as stated by the Auditor General in that the COVID-19 pandemic affected various Government programmes, due to the public health guidelines issued by the Ministry of Health and the restriction of activities and staffing levels by Cabinet Office.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

E. AUDIT METHODOLOGY

In the execution of the audit, programmes were designed to give reasonable assurance on the utilisation and management of public resources. The programmes included test checks, inspections and examination of accounting and other records maintained by the public officers entrusted with handling public resources. To ensure optimal utilisation of resources at the Auditor General's disposal, a risk-based audit approach was used.

Treasury Response

The Secretary to the Treasury submitted that the methodology adopted by the Auditor General was appreciated as it assisted the Treasury in determining whether Controlling Officers adhered to public financial management regulations that were meant to safeguard public resources. The provision of these checks and balances on the Executive in the management of public resources by the Office of the Auditor General assisted Parliament in its oversight responsibility over the management of the public resources and ultimately enhanced accountability.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

F. REPORTING PROCESS

The reporting process involved three major stages. The first stage was where the Management Letter was sent to the Controlling Officer who was required to respond to the audit queries raised within fourteen days. Where the Controlling Officer did not respond to the queries or where the responses were not satisfactory, the Management Letter was upgraded to an Audit Reference (AR) Sheet. At AR stage (second stage), the Controlling Officer was then required to respond within seven days. If the queries in the AR were not addressed, the AR was upgraded to a Draft Annual Report Paragraph (DARP) which was the third and final stage and the Controlling Officer was given up to seven days in which to confirm as to whether the contents were factually correct or not. At every stage where responses received were satisfactory, amendments were made accordingly.

Where the findings had not been resolved, the DARPs were consolidated in the Auditor General's Annual Report on the accounts of the Republic for the year under review.

Treasury Response

The Secretary to the Treasury submitted that the facts were as stated by the Auditor General on the audit stages and timelines provided to Controlling Officers to respond to audit queries. While there was improvement on provision of responses, failure to avail supporting documentation by Controlling Officers during the audit process was unacceptable. Therefore, the Treasury had invoked the applicable punitive clauses in the *Public Finance Management Act, No.1 of 2018*, against office holders who failed to perform as regards the provision of

necessary information to the Auditor General. In this regard, Controlling Officers cited in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2019, had been charged, in liaison with the Secretary to Cabinet.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

G. GOVERNANCE

Cabinet was the supreme policy and strategic decision making body of the Government. It comprised the Republican President, Vice President and Cabinet Ministers who were appointed by the President. The decisions of Cabinet were implemented through various portfolio ministries and provincial administrations which were headed by ministers.

Treasury Response

The Secretary to the Treasury submitted that the facts were as stated by the Auditor General as regards the governance of the Government.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

H. MANAGEMENT

The operations of each ministry, province and agency were the responsibility of a Permanent Secretary who was appointed by the President. A ministry also oversaw the operations of various government agencies that operated within the preserve of its mandate.

Treasury Response

The Secretary to the Treasury submitted that the facts were as stated by the Auditor General as regards the management of ministries and provinces, by Permanent Secretaries.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

I. INFORMATION AND COMMUNICATIONS TECHNOLOGY

The Government operated various ICT systems to improve service delivery. The following were the major systems operated by MPAs:

Table 2.0: Some of the ICT Systems in Use

No.	Institution	Name of System	Description/Purpose
1	Ministry of Finance	Integrated Financial Management Information Systems (IFMIS)	This was an Integrated Financial Management Information System which was used for administration of financial transactions in the MPAs.
		Treasury Single Account (TSA)	This was a business solution that was used for facilitating of payment on IFMIS. It was a unified structure of bank accounts that gave a consolidated position of cash resources.
		Payroll Management and Establishment Control System (PMEC)	The system was used for Payroll Management and Establishment Control.
		Debt Management and Financial Analysis System (DMFAS)	The system was used for debt management and was installed at the Central Bank and Ministry of Finance.
2	Ministry of Agriculture	Zambia Integrated Agriculture Management Information System (ZIAMIS)	The system was a web-based application used for the administration of the Farmer Input and Support (FISP) activities.
3	Ministry of Lands	Zambia Integrated Land Management Information System (ZILMIS)	The system was used for administration of land, billing of properties for ground rent and receipting of revenue among others.
4	Ministry of Home Affairs-Passport Office	Personalised Passport System (PPS)	This was an application that was used in the production of ordinary and diplomatic passports. The application ran on the oracle database.

5	Ministry of Home Affairs-Department of Immigration	Zambia Immigration Management System (ZIMS)	The system was used for the management of immigration processes such as the facilitation of entry and exit and processing of visas among other processes.
6	Road Transport and Safety Agency	e-ZamTIS	The system was used to collect, receipt and record revenue.
7	Zambia Revenue Authority	Tax Online System	This system was used for administration of domestic taxes.
		ASYCUDA World	This system was used for administration of customs duties and taxes.
8	National Road Fund Agency	Yascn Toll Management System (Cash Management Systems)	This system was used for administration and collection of inland tolls.
		Necor Toll Management System (Cash Management Systems)	This system was used for administration and collection of inland tolls.
		Efkon Toll Management System (Cash Management Systems)	This system was used for administration and collection of inland tolls.
		e-Toll Management Information System	This was an electronic payment system used for collection of tolls.
		WBX and Axle Loop	These systems were used in the administration of toll and weighbridge fines.

Treasury Response

The Secretary to the Treasury submitted that the facts were as stated by the Auditor General as regards the ICT systems used in the administration of Public Finance Management processes in the collection of revenues and execution of the expenditure.

Committee's Observations and Recommendations

The Committee notes the response on the matter.

PART II

PARAGRAPHS

PARAGRAPH 1 – Zambia Revenue Authority

1.1 Background

a. Mandate

6. The Zambia Revenue Authority (ZRA) was mandated to enforce tax compliance and collecting taxes, related fines and penalties on behalf of the Government in accordance with Section 11 of *the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia*.

b. Governance

The Authority was governed by the Board of Directors comprising nine members responsible for providing strategic oversight and direction to the Institution. The tenure of office for the Board of Directors was three years.

c. Management

The operations of the Authority were the responsibility of the Commissioner General (CG) who was appointed by the President and was assisted by four Commissioners responsible for Customs, Domestic Taxes, Modernisation and Corporate Strategy and Finance.

Treasury Response

The Secretary to the Treasury submitted that the background as regards the mandate, governance and management of the Zambia Revenue Authority was as stated by the Auditor General.

Committee's Observations and Recommendations

The Committee observes with concern that there is no Commissioner dedicated to only dealing with human resource matters at the Zambia Revenue Authority. The Committee contends that this has the potential to leave the welfare of staff at ZRA unattended to or at least neglected. In this regard, the Committee urges the ZRA Board to consider establishing the position of a Commissioner to be responsible for human resource matters, without undue delay. The Committee will await a progress report on the matter.

1.2 Audit Findings

An examination of accounting and other records maintained at the ZRA headquarters and selected stations for the period under review revealed the following to which the Secretary to the Treasury submitted as set out below.

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December, 2019, a revenue provision of K51,844,168,213 was made, against which amounts totalling K52,968,961,004 were collected resulting in an over collection of K1,124,792,791. See table 3.

Table 3.0: Budget against Collections

No.	Tax Description	Provision K	Collection K	Variance K
1	Company Tax	7,221,608,108	7,566,242,305	344,634,197
2	Individuals (self-employed)	130,099,314	106,628,807	(23,470,507)
3	Advance Income Tax	319,617,960	174,341,102	(145,276,858)
4	Pay As You Earn	11,290,900,231	11,361,326,382	70,426,151
5	Withholding Tax (Rent, Interest and Royalties)	3,584,915,359	3,474,315,404	(110,599,955)
6	Withholding Tax (Dividends)	363,300,315	430,141,269	66,840,954
7	Withholding Tax (Lump Sum Payment)	22,914,904	8,826,431	(14,088,473)
8	Withholding Tax (Contractors)	100,048,561	92,076,011	(7,972,550)
9	Property Transfer Tax	257,947,489	368,055,154	110,107,665
10	Mineral Royalty Tax	4,887,597,864	3,968,301,100	(919,296,764)
11	Customs Duty	2,993,818,811	3,271,025,602	277,206,791
12	Excise Duty - Motor Vehicles	607,652,175	263,917,953	(343,734,222)
13	Excise Duty - Soft drinks	210,000,000	3,302,699	(206,697,301)
14	Excise Duty on non-alcoholic beverages	-	12,642,908	12,642,908
15	Excise Duty □Cigarettes	89,799,252	109,403,369	19,604,117
16	Excise Duty □Carbon	62,297,139	61,058,804	(1,238,335)
17	Excise Duty -Opaque Beer	45,792,306	29,347,092	(16,445,214)
18	Excise Duty -Clear beer	896,870,671	688,085,629	(208,785,042)
19	Excise Duty -Hydro Carbon Oils	1,022,254,378	495,665,711	(526,588,667)
20	Excise Duty □Spirits	87,140,335	147,093,161	59,952,826
21	Excise Duty □Wines	41,857,584	28,939,849	(12,917,735)
22	Excise Duty □Cosmetics	50,659,014	38,747,084	(11,911,930)
23	Excise Duty - Air time	833,465,505	698,911,789	(134,553,716)
24	Export Duty □Timber	848,556	12,493,750	11,645,194
25	Export Duty Scrap metal	-	77,592	77,592
26	Export Duty □Maize	3,847,600	7,279	(3,840,321)
27	Rummage Sales	13,224,806	7,774,112	(5,450,694)
28	Export Duty - Copper Concentrates	8,856,743	34,131,724	25,274,981
29	Fines	26,210,186	53,242,450	27,032,264
30	Excise duty □Plastics	13,925,837	14,600,330	674,493
31	Excise duty □Gases	52,794	53,024	230
32	Excise Duty on Juices	-	3,335,686	3,335,686
33	Warehouse Rent	828,539	1,167,866	339,327
34	Surtax on Selected Goods	436,312,561	213,552,881	(222,759,680)
35	Accounting Fees	890,358	1,442,275	551,917
36	Excise Duty □Cement	99,965,082	101,760,907	1,795,825
37	Licence Fees	5,876,356	6,250,175	373,819
38	Excise Duty □Electricity	166,634,091	222,397,232	55,763,141

39	Fuel Levy	495,522,964	1,014,813,992	519,291,028
40	Export Duty - Precious minerals and anodic slimes	135,600,000	271,859,586	136,259,586
41	Licence - Motor vehicle	105,879,760	26,099,277	(79,780,483)
42	Motor vehicle Surtax	60,269,388	54,389,640	(5,879,748)
43	Excise duty □ Water	-	234,717	234,717
44	Export duty Hides	-	5,277,678	5,277,678
45	Tourism Levy	13,837,396	21,105,859	7,268,463
46	Insurancy Premium Levy	108,241,682	91,109,452	(17,132,230)
47	Skills Development Levy	163,993,696	158,376,545	(5,617,151)
48	Other Revenue	316,904	834,350	517,446
49	Domestic VAT	5,051,235,793	6,620,023,599	1,568,787,806
50	Import VAT	9,811,239,846	10,634,153,411	822,913,565
	Total	51,844,168,213	52,968,961,004	1,124,792,791

In view of the foregoing, the Secretary to the Treasury submitted that the comment of the Auditor General regarding collections of revenues was correct that the Zambia Revenue Authority collected over and above the appropriated budget for year under review.

Committee's Observations and Recommendations

The Committee observes with concern that while the Zambia Revenue Authority collected over and above the appropriated budget for year under review, some key tax types such as Withholding Tax on Rent, Interest and Royalties, Mineral Royalty Tax and Licence on Motor vehicles, underperformed. The Committee, therefore, urges the Secretary to the Treasury to put measures in place to enhance the revenue collections, especially for the tax types that under performed.

b. Loss of Revenue to Government – Domestic VAT - K8,422,092

The Secretary to the Treasury submitted that the observation by the Auditor General was noted and the Zambia Revenue Authority had since assessed the identified tax payers in the audit and established that the revenues in question were either deducted by the Withholding Tax agents or were those pending further assessments. The Secretary to the Treasury also submitted that the Withholding Tax agent, Konkola Copper Mines, withheld taxes for twenty-five of the thirty-three cited tax payers with a total value of K8,397,578. The balance of K44,514.39 was transacted by eight tax payers through Choppies shops Limited and had since been assessed and notices issued for immediate settlement of the taxes. The Committee was informed that the assessment notices and the schedules of the amounts withheld by the Withholding Tax Agent would be availed to the office of the Auditor General for verification. The Secretary to the Treasury further submitted that in order to enhance the VAT claim processes, the Treasury, through the Budget and Economic Division would be reviewing the VAT statutory instruments to curtail tax avoidance and evasion by companies.

Committee's Observations and Recommendations

The Committee finds it unacceptable that assessment notices and the schedules of amounts withheld by the Withholding Tax agent were not availed to the auditors at the time of audit. In this regard, the Committee urges the Secretary to the Treasury to institute disciplinary action against officers who failed to avail these documents to the auditors. The Committee also finds the efforts by the Secretary to the Treasury to enhance the VAT claim processes

progressive, and urges him to ensure that the review of the statutory instruments relating to VAT is expedited. The Committee will await a progress report on the matter.

c. Unaccounted for Removals in Transit – K47,180,798

The Secretary to the Treasury submitted that a directive was issued to the Zambia Revenue Authority to immediately suspend and prosecute the clearing agents for the 748 Removals in Transit, which action had since been undertaken. The latest position was that thirty-four clearing agents involved had since been suspended on the system and the bond redemption processes commenced, to recover the taxes. Thirteen clearing agents of the forty-seven agents had appealed against their suspension.

The Secretary to the Treasury submitted that the Zambia Revenue Authority was reviewing the documents related to the outstanding Removals in Transit appearing on their accounts. The final report would be availed to office of the Auditor General for verification.

Committee's Observations and Recommendations

The Committee expresses displeasure that the Zambia Revenue Authority only took action after the audit process, which brings to question the effectiveness of the internal audit systems at the Authority. The Committee is also displeased that the Authority is still reviewing the documents relating to the outstanding Removals in Transit, long after the audit process. In this regard, the Committee urges the Secretary to the Treasury to put measures in place to enhance the internal audit structures at the Authority. The Committee also urges the Secretary to the Treasury to expedite the bond redemption process and the review of the outstanding Removals in Transit. The Committee will await a progress report on the matter.

d. Weaknesses in the Usage of X-Ray Fluorescence Spectrometers Machine

i. Inadequate Storage Capacity

The Secretary to the Treasury submitted that a directive was issued to the Zambia Revenue Authority to immediately engage the suppliers of the OXFORD X-MET 7000 XRF Machine to increase the storage and address all the areas that would enhance the operations of the equipment. The Secretary to the Treasury submitted that the Zambia Revenue Authority had since commenced the processes of reviewing the specifications of the machine to identify the areas to be attended to by the supplier.

Committee's Observations and Recommendations

The Committee finds it unacceptable that such a critical machine meant to safeguard the determination of taxes payable to the Government, has inadequate specifications. The Committee also notes with concern that the Secretary to the Treasury was only taking action after the audit process. The Committee, therefore, urges the Secretary to the Treasury to ensure that the review process of the machine's specifications is concluded expeditiously and the memory capacity challenges addressed without fail. The Committee will await a progress report on the matter.

ii. Lack of Interface with ASYCUDA World

The Secretary to the Treasury submitted that a directive was issued to the Zambia Revenue Authority to immediately engage the suppliers of the OXFORD X-MET 7000 XRF machine to address the interface of the machines with ASYCUDA World.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to be proactive and ensure that the XRF machine and ASYCUDA World are interfaced to eliminate the risk of manipulation and human error as a matter of urgency. The Committee will await a progress report on the matter.

iii. Failure to Confirm Mineral Content at Export – K39,400,063,017

The Secretary to the Treasury submitted that a directive was issued to the Zambia Revenue Authority to immediately engage the suppliers of the OXFORD X-MET 7000 XRF machine to undertake maintenance and repair of the XRF machines at Katima Mulilo, Chirundu, Kazungula, Nakonde and all stations using the machines.

The Secretary to the Treasury also submitted that the Zambia Revenue Authority had since commenced the process of repairing and maintaining of all the machines currently operational. It also developed an effective maintenance plan and business continuity plan. The Secretary to the Treasury further submitted that the Zambia Revenue Authority had started the process of reviewing stations that required the service of the XRF machine so that the machines could be procured. The final report on the repairs of the XRF Machines would be availed to office of the Auditor General for verification.

Committee's Observations and Recommendations

The Committee expresses displeasure on the matter and urges the Secretary to the Treasury to put measures in place to ensure data integrity in cases where the XRF machines are not working. The Committee also urges the Secretary to ensure that the XRF machine at Nakonde Border is expeditiously repaired. The Committee will await a progress report on the matter.

MINISTRY OF LANDS AND NATURAL RESOURCES

AUDIT QUERY	:	PARAGRAPH 2
PROGRAMMES	:	123 Fees
		124 Interest
		129 Other Revenue
ACTIVITES	:	Various

Audit Findings

7. An examination of accounting and other records maintained at the Ministry headquarters and selected stations for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2019, a revenue provision of K370,832,426 was made against which amounts totaling K233,497,875 were collected resulting in an under collection of K137,334,551, see table 4.0.

Table 4.0: Budget against Collections

Description	Revised Estimates K	Actual K	Variance K
Forestry Revenue	35,454,725	50,129,924	14,675,199
Document and Registration Fee	34,904,747	29,539,085	- 5,365,662
Survey Fees	8,590,447	7,612,214	- 978,233
Consent Fees	2,747,299	2,717,853	- 29,446
Consideration Fees	160,606,054	92,028,913	- 68,577,141
Preparation Fees	2,630,352	1,906,049	- 724,303
Interest on Late Payments	2,163,566	5,999,512	3,835,946
Ground Rent	123,735,236	43,564,265	- 80,170,971
Rent of Government Premises	-	60	60
Total	370,832,426	233,497,875	- 137,334,551

The Controlling Officer submitted that the Ministry made a number of strides in ensuring that it came up with measures that enhanced revenue collection. There were various interventions that the Ministry of Lands had employed, such as sensitisation of citizens through road shows, short message service, advertisements and the introduction of various payment methods.

The Committee was informed that arising from the interventions, the Ministry saw an increase in revenue collection from K155,779,163 in 2018 to K233,497,875 in 2019, representing an increase of more than 50 per cent. The variance (under collection) reduced from 64 per cent in 2018 to 37 per cent in 2019 (See the table 4.1 below showing Revenue Collection Trend).

Table 4.1: Ministry of Lands and Natural Resources Revenue Collection Trend

Year	Budget (ZMW)	Actual Collection ZMW	Variance (ZMW)	Percent of Actual Vs Budget
2017	604,267,819	127,162,086	(477,105,733)	21
2018	437,276,767	155,779,163	(281,497,604)	36
2019	370,832,426	233,497,875	(137,334,551)	63

The Committee was also informed that some revenue streams, such as forestry fees and interest on late payments, recorded positive variances.

The Controlling Officer also submitted that the Ministry had challenges in the distribution of bills to property owners on time due to inadequate transport. The Committee was informed that follow-ups were difficult to make on the outstanding bills, especially those in the outskirts such as agricultural areas.

The Controlling Officer further submitted that the funding to the Ministry to enhance revenue collection was inadequate to allow for the implementation of all revenue generating activities, though the Ministry appreciated the efforts being made by the Treasury.

Committee's Observations and Recommendations

The Committee notes the response and urges the Secretary to the Treasury to support the Controlling Officer with funding to facilitate sensitisation activities which will augment revenue collection. The Committee will await a progress report on the matter.

b. Unaccounted for Revenue – K79,410

The Controlling Officer submitted that the Ministry had instructed the immediate supervisor for the officer responsible for collecting fees, under Mongu Lands and Mongu Survey Offices, to charge the officer. The Committee was informed that the officer had been charged and recoveries were yet to be effected.

The Controlling Officer also submitted that the officer at Mongu District Forestry Office had been suspended pending further investigations and disciplinary processes.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put measures in place that will safeguard the revenue collected by the Ministry. The Committee will await a progress report on the matter.

c. Delayed Banking – K301,618

The Controlling Officer submitted that this matter was kept in view by the Auditor General following the submission of the charge letters for the responsible Licensing Officers.

The Committee was informed that on 18th December, 2019, the Ministry instructed all provinces and districts to refrain from handling cash and that clients be requested to directly deposit cash or use the point of sale (POS) platform. The Committee was, however, informed that the Ministry was cognisant of some limitations such as:

1. lack of banking facilities in some districts;
2. distance between collection points and banking facilities;
3. defective point of sale machines;
4. poor network connectivity in some areas; and
5. some clients had no automated teller machine (ATM) cards.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the non-handling of cash policy is implemented to the letter, without fail. The Committee will await a progress report on the matter.

d. Failure to Collect Ground Rent and Other Fees – K521,278

The Controlling Officer submitted that this matter was anchored on wrong statistical data emanating from challenges in the ZILMIS system. For instance, the total number of properties on title as at 31st December, 2019, was 142,681 as opposed to the reported 687,190. The rest were duplicates due to system challenges.

The Controlling Officer also submitted that the Ministry wrote to the Auditor General, requesting that the two information technology (IT) departments sit and reconcile the figures.

The Controlling Officer further submitted that the Ministry had written to the Secretary to the Cabinet recommending that a new system be developed by SMART Zambia Institute, in

collaboration with some local universities, to replace the unreliable ZILMIS system. The Secretary to the Cabinet had since responded positively to the request.

Committee's Observations and Recommendations

The Committee will await an update on the outcome of the engagement between the Ministry and the Office of the Auditor General on the reconciliation of the figures.

e. Failure to Maintain a General Revenue Cashbook.

The Controlling Officer submitted that Chipata Survey Office maintained the General Revenue cashbooks while Livingstone and Monze Forestry Offices had also updated their cashbooks.

The Committee was informed that the Ministry did not have accounting staff in the districts; as a result, it placed reliance on none accounting staff to perform accounting duties.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive in the performance of his duties to prevent the recurrence of such queries. The Committee also urges the Controlling Officer to engage the Accountant General's office to provide accounting officers in the affected districts. The Committee will await a progress report on the matter.

f. Irregular Issuance of Licences

The Controlling Officer submitted that the Licensing Officers relied on the repealed *Forests Act, No. 7 of 1999*, which provided for the Forest Officers to determine the number of days. The Officers were charged and had since been oriented on the new Act.

Committee's Observations and Recommendations

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

g. Lack of Safes in Eastern Province

The Controlling Officer submitted that the Ministry wrote to the Ministry of Finance to allocate the safes to Eastern Province.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and not wait for auditors before taking action on such matters. The Committee will await a progress report on the allocation of safes to Eastern Province,

MINISTRY OF TRANSPORT AND COMMUNICATIONS - ROAD TRANSPORT AND SAFETY AGENCY (RTSA)

AUDIT QUERY	:	PARAGRAPH 3
PROGRAMME	:	2020 Non Revenue
ACTIVITIES	:	122070 Road Traffic Collections

Audit Findings

8. An examination of accounting of accounting and other records maintained at the RTSA Headquarters and selected stations revealed the following to which the Controlling Officer responded as set out below.

a. Budget against Collections

The Controlling Officer submitted that while the personal emoluments budget for the Agency was provided for under the Ministry of Transport and Communications, the annual work plan budget was provided for and funded through the National Road Fund Agency (NRFA). In this regard, the Committee was informed that the annual work plan budget which the Road Transport and Safety Agency (RTSA) used to undertake revenue generating activities was not adequately funded with only K130,000,000 being released out of K174,000,000 budgeted for in 2019, representing 75 per cent of the budgeted amount. This negatively affected the revenue generating activities and resulted in the 1 per cent under collection cited by the auditors.

The Controlling Officer also submitted that management foresaw the under collection and undertook to suggest measures that could help redress the situation. Further, documentary evidence was available where the Secretary to the Treasury had written to the NFRA, directing the Agency to prioritise funding to the RTSA. Despite these efforts, funds were not released to RTSA to complete the planned revenue collection activities.

The Controlling Officer further submitted that to avoid the recurrence of the under collection, RTSA wrote to the Secretary to the Treasury requesting that its annual work plan budget to be disbursed directly to it.

Committee's Observations and Recommendations

The Committee notes the response and urges the Secretary to the Treasury to urgently address the request on the RTSA's annual work plan budget. The Committee will await a progress report on the matter.

b. Information and Communications Technology - Administration of Active Directory

i. Separated Employees Still Active on the AD

The Controlling Officer submitted that management regretted that at the time of the audit, accounts for separated employees had not yet been deactivated on the Active Directory for the Agency. This notwithstanding, the systems log clearly showed that the accounts were inactive and as such, no separated employee was able to access the Agency's system.

The Committee was informed that the accounts for the separated employees had since been deactivated and management had since introduced a control measure that would see ICT department deactivating accounts based on carbon copies of terminations and separation of employees.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and ensure that corrective measures are put in place before the audit process. The Committee also urges the Controlling Officer to submit all the information on this matter to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

ii. Failure to De-activate Dormant User and Computer Accounts

The Controlling Officer submitted that passwords on the Agency's system were programmed to expire after forty-five days of inactivity and as such, the accounts were automatically locked. The Committee was informed that this meant that the user whose password had expired could not access the system until after an application to have the account reactivated.

The Committee was informed that the dormant accounts could not be deleted, as an audit trail had to be maintained for every account dormant or active. In this regard, the dormant accounts remained on the directory even after expiry of the passwords.

Committee's Observations and Recommendations

The Committee observes that this information should have been availed to the auditors at the time of audit. The Committee, therefore, urges the Controlling Officer to institute disciplinary action against Officers who failed to avail this information during the audit process. The Committee also urges that the information be availed to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

c. Delayed Transfer of Revenue to Bank of Zambia – K12,905,956

The Controlling Officer submitted that as rightly noted by the Auditor General, the service level agreement was between commercial banks and the Ministry of Finance and as such, the administration of the service level agreement (SLA) was the mandate of the office of the Accountant General.

The Committee was informed that as agents, the Agency on several occasions wrote to the office the Accountant General bringing to his attention the delays by the commercial banks to transfer revenue to the Bank of Zambia on a quarterly basis.

Committee's Observations and Recommendations

The Committee urges the Accountant General to come up with stringent measures that will compel commercial banks to transfer funds to the Bank of Zambia in line with the service level agreement. The Committee will await a progress report on the matter.

d. Unaccounted for Revenue – K119,222

The Controlling Officer submitted as set out below.

- I. The Agency introduced cashless transactions in a bid to minimise cash handling and, in the process, safe guard Government resources. It was in this view that the cited amounts totaling K119,222, were sums received by the Agency through point of sale, direct bank transfers and check deposit transactions, some of which only matured on subsequent days. These direct transactions caused the difference in sums receipted and banked.

The committee was informed that the supporting documents were verified by the office of the Auditor General and in his Draft Audit Report Paragraph (DARP) status, the matter was closed.

Committee's Observations and Recommendations

The Committee resolves to close the matter.

- II. A reconciliation of the cross border permits revealed that only eleven cross border permits issued during the period under review were not accounted for and the transactions were valued at K9,530.40 as per table 5.0 below.

Table 5.0: Cross Border Permits Transactions

S/N	Details	Auditors' reconciliation	Physical count
1	Total cross boarder Permits per books	3,335	3,335
2	Less cancelled	128	171
3	Total cross boarder permits issued	3,207	3,164
4	Less No. of cross boarder issued as per cashbook	3,124	3,137
5	Difference	(83)	(27)
6	Cross border permits issued in 2020(book 170 and 171)	-	15
7	Issued in 2019 but receipted in 2018	-	1
8	Reconciled variance	(83)	(11)
9	Fee per cross boarder permit	866.40	866.40
10	Total value of cross border permit	(71,911.20)	(9,530.40)

In this regard, management engaged the affected transporters and the amounts totalling K9,530.40 had since been collected. Further, management had taken disciplinary action against the erring officers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that supporting documents are submitted to the Office of the Auditor General for verification. The Committee resolves to close the matter subject to audit verification.

e. Undercharging of Road Service Licenses – K1,333,492

The Controlling Officer submitted that the amount charged by the Agency was based on the provisions of the *Road Traffic Act, No. 11 of 2002* and Statutory Instrument No.63 of 2013. The Act provided that the road service license holder paid an annual fee of K156.90 (523 fee units) and that for each vehicle being operated, the holder would pay an authorisation fee of K72.00 (240 fee units) and K168.00 (560 fee units) for an identity certificate.

The Controlling Officer also submitted that the auditors cited authorised amount was calculated based on an error on condition number 2 on the road service licence (Form PSV 5) which stipulated that the license should be valid for use by one vehicle only. This condition was at variance with the law and as such did not hold, hence not followed by the Agency when charging for road service licenses and identity certificates.

The Controlling Officer further submitted that the Agency charged and collected the right amounts. The Committee was informed that the form (PSV 5) with an error noted above was no longer in use with effect from April, 2019. Further, management had written to the Solicitor General seeking legal guidance on the two interpretations.

Committee's Observations and Recommendations

The Committee will await a progress report on the legal guidance from the Solicitor General on the matter.

f. Failure to Manage Towing Services

1. Failure to Collect Towing Fees – K222,385

The Controlling Officer submitted that Statutory Instrument No. 81 of 2016 mandated the Road Transport and Safety Agency to remove/tow away any vehicles causing obstruction on the highway. This was to ensure safety on the road network. In this regard, towing services were provided with or without consent of the owners of the vehicles causing obstruction since the priority for the Agency was safety. This had made it difficult to collect all the funds invoiced for the service. To this end, Management had drafted a Towing Policy which would distinguish the type of obstruction to be removed at government cost, through the Agency and which type to be undertaken on commercial basis.

With regard to the outstanding amount of K222,385, the Committee was informed that efforts were being made by the Agency to collect the revenue. This would be achieved by putting a red alert on vehicles so that the debt was recovered before any future licensing and certification.

Committee's Observations and Recommendations

The Committee will await a progress report on the recovery of the outstanding amount of K222,385.

2. Unaccounted for Mileage – K690,457

The Controlling Officer submitted that management had authorised the movement of the tow trucks to recover broken down motor vehicles for the Agency and tow impounded vehicles from various locations to Mimosa Impound Yard in Chilanga District for safe custody. Unfortunately, these movements were not logged in by the respective drivers. Management had since cautioned the drivers and introduced a control measure of the authorising officer to not only sign the movement request, but also sign the log book before any movement by the tow truck.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail the written authority to move tow trucks, to the Office of the Auditor General for verification. The Committee also urges the Controlling Officer to ensure that the measures put in place are actualised without fail. The Committee will await a progress report on the matter.

3. Failure to Maintain Tow Truck Log Book Chipata Station – K13,950

The Controlling Officer submitted that management had authorised all the movements of the tow truck at Chipata station which had translated into the collection of K13,950. Management regretted that these movements were not logged in by the driver, who had since been cautioned.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail the written authority to move tow trucks, to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

g. Unaccounted for Drivers' Licenses

The Controlling Officer submitted that the eZamTIS did not have a functional driving license cards inventory module, hence the use of a manual system to account for the number of driving license cards. The attempt by the Auditor General to retrieve data pertaining to driving license card usage on the system led to the cited number of unaccounted for cards.

The Committee was informed that management regrettably delayed to provide the manual records indicating card usage by various stations. This delay was caused by the fact that applicants had been allowed to have cards printed from any station upon presentation of a Temporary Driver Licence (TDL). This measure was aimed at clearing the backlog that was created during the period that the Agency was unable to print driver license cards on demand.

Committee's Observations and Recommendations

The Committee finds it unacceptable that this information was not availed to the auditors at the time of audit. The Committee, therefore, urges the Controlling Officer to take disciplinary action against Officers who failed to provide this information to the auditors. The Committee also urges the Controlling Officer to ensure that relevant supporting documents are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

h. Delayed Banking of Revenue – K110,809

The Controlling Officer submitted that delays to bank revenue were communicated to the Agency's agent, Zampost, who took disciplinary action against the responsible officer after he failed to give valid justification. The disciplinary letter for the officer and correspondence with the Zampost were available for verification.

Committee's Observations and Recommendations

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

MINISTRY OF WORKS AND SUPPLY-NATIONAL ROAD FUND AGENCY (NRFA)

AUDIT QUERY	:	PARAGRAPH 4
PROGRAMMES	:	2021 Non □ Tax Revenue □ Toll Fees
ACTIVITIES	:	129 Other Revenue

Audit Findings

9. An examination of accounting and other records maintained at the National Road Fund Agency Headquarters and selected toll stations for the period under review revealed the following to which the Controlling Officer responded as set out below.

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December, 2019, a revenue provision of K1,070,342,996 was made against which amounts totaling K1,232,740,201 were collected resulting in an over collection of K162,397,205 as illustrated in Table 6.0.

Table 6.0: Budget against Collections

Revenue Type	Approved Estimates K	Actual Revenue K	Over Collections K
Weighbridge Charges	10,292,303	20,739,901	10,447,598
Road Tolls	1,060,050,693	1,212,000,300	151,949,607
Total	1,070,342,996	1,232,740,201	162,397,205

In view of the foregoing, the Controlling Officer submitted that the over collection of toll revenues was attributed to the addition of eight new toll stations that were commissioned during the year 2019. This brought the total operational toll stations as at 31st December, 2019 to twenty-four. The additional toll stations increased the aggregate vehicle passage numbers from 8,500,000 in 2018 to 14,120,000 in 2019.

Committee's Observations and Recommendations

The Committee notes the response on the matter and urges the Controlling Officer to be coming up with realistic estimates of revenue by taking into account the obtaining economic trends. The Committee resolves to close the matter.

b. Information and Communication Technology -Lack of Escrow Agreement

The Controlling Officer submitted that discussions with the vendor were concluded and what was being awaited was the signing of the escrow agreement.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and ensure that a software escrow agreement is signed without fail, to prevent the risk of manipulation from the developer. The Committee will await a progress report on the matter.

c. Questionable Award of Discounts – K13,580

The Controlling Officer submitted that a further analysis of the data as captured in the Auditor General's Report revealed the following:

i. Transactions with corresponding return passages – K1,460

Seventy-three transactions amounting to K1,460 had corresponding return passages where the queried vehicles had transactions/passages recorded on the system for their return passages.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for audit verification. The Committee also urges the Controlling Officer to take disciplinary action against officers who failed to avail this information to the auditors at the time of audit. The Committee will await a progress report on the matter.

ii. Duplicate Transactions – K7,340

367 transactions amounting to K7,340 under the monthly Local User Discount Scheme were duplicate transactions/passages that happened within a space of a few seconds, processed in the same lane by the same toll collector. This accounted for 57 per cent of the queried transactions.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put measures in place to avert the awarding of discounts to undeserving motor vehicles. The Committee also urges the Controlling Officer to account for the 43 per cent of the queried transactions which still remain unresolved. The Committee further urges the Controlling Officer to submit the supporting documents to the Office of the Auditor General, on the matter. The Committee will await a progress report on the matter.

iii. Exempted Vehicles and Unregistered Vehicles

Sixteen transactions related to one vehicle which, at the time in question, was an exempted construction vehicle belonging to AVIC International. Exempted construction vehicles, in most cases, did not make return passages due to the nature of their business. For instance, the borrow pits were within the nearby villages/communities, where exit routes to the other side of the toll stations were also available. It was common to use alternative routes within the communities.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to avail this information to the auditors at the time of audit. The Committee also urges the Controlling Officer to submit all supporting documents on this matter, to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

iv. Administrative Resolution – K4,160

208 transactions with a value of K4,160 were resolved through recovery from officers that processed the transactions following insufficient evidence and explanations on the passages. The full amount of K4,160 had since been recovered and deposited in the revenue accounts.

Committee's Observations and Recommendations

The Committee notes with concern that the internal audit processes within the Ministry, could not pick up this matter, before the external auditors highlighted it. The Committee, therefore, urges the Controlling Officer to enhance the internal audit structures within the Ministry in order to avoid queries of this nature. The Committee also urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for verification, subject to which the matter should close.

d. Management of Weighbridge**i. Non-Operational Weighbridge Management Systems**

The Controlling Officer submitted as follows:

- a. Livingstone Weighbridge was only operational manually from 4th December, 2019 to 30th January, 2020, and from 5th February, 2020 to 24th September, 2020, as the system was damaged by lightning and it required major repairs to be done. The works required to be undertaken needed assizing by the Zambia Metrology Agency. The Agency was paid in May, 2020, to assize both Livingstone and Kazungula weighbridges but could not do so due to financial constraints, until 24th September, 2020. Zambia Metrology Agency, however, issued a temporary permit to use the unverified weighbridge.

Both Livingstone and Kazungula weighbridges were, however, working and electronic certificates had been issued.

- b. Kapiri and Kafue Weighbridges that were installed with WBx software had been running manually following the refusal by the supplier to maintain the system and provide connectivity due to non-payment of maintenance and annual license fees. The Agency was not able to pay the maintenance and annual license fees of USD 66,000 per annum for 2018 and 2019 due to non-availability of funds.

The Controlling Officer also submitted that the Agency had previously committed before the Committee that it would procure a new and sustainable system and replace the WBx system. In this regard, the Committee was informed that the Agency had finally replaced the WBx software in October 2020, with the Weigh Information System (WIS) software from Greece, which was found to be affordable and sustainable and required no annual license fees.

Committee's Observations and Recommendations

The Committee observes that this information should have been availed to the auditors at the time of audit. The Committee, therefore urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors at the time of audit. However, the Committee commends the Controlling Officer for replacing WBx system with Weigh Information System (WIS) software and urges that the escrow agreement be signed between the developer and the Agency, and be managed by the third party in case of disputes. The Committee will await a progress report on the matter.

ii) Failure to Issue Weighbridge Certificates – Kapiri Mposhi

The Controlling Officer submitted that the agency (RDA) had since corrected the matter with effect from October 2020, when the weighbridge was installed with new software. The weighbridge had been on manual following the suspension of the electronic system by the software provider due to non payment. The mandatory issuance of manual certificates for all weighed vehicles was quite slow and caused unmanageable congestion at the station as the traffic volumes at Kapiri Mposhi were high. The filling of all details on the certificate manually caused long queues of trucks along the highway and this resulted in complaints by the public and stakeholders. All vehicles, however, were weighed and all vehicles that were overloaded were charged and issued with certificates.

The Committee was informed that following the installation of the new system in October 2020, the station had resumed the issuance of electronic weighbridge certificates.

Committee's Observations and Recommendations

The Committee observes that this information should have been availed to the auditors at the time of audit. The Committee, therefore urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors at the time of audit. The Committee also urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

iii) Failure to Maintain a Register of Accountable Documents – Kapiri Mposhi

The Controlling Officer submitted that management noted the concerns of the auditors that a register for Detention Orders (Form 3) and Release Order (Form 4), were not maintained by the station.

The Committee was informed that management had since taken measures to ensure that weighbridge certificates for overloaded vehicles and payment receipts were no longer issued in isolation of the two relevant documents. Following that concern, the Agency immediately ordered a Register of Accountable Documents from Government Printers.

Committee's Observations and Recommendations

The Committee strongly warns the Controlling Officer for the lapse. The Committee also urges the Controlling Officer to be proactive and desist from taking action only after the audit process. In this regard, the Committee urges the Controlling Officer to avail all documentary evidence to the Office of the Auditor General for audit verification. The Committee resolves to close the matter subject to audit verification.

THE JUDICIARY

AUDIT QUERY	:	PARAGRAPH 5
PROGRAMMES	:	121 Fines
		123 Fees
ACTIVITIES	:	121010 Fines of Court
		123043 Court Fees
		123045 Library Services

Audit Findings

10. An examination of accounting and other records maintained at the Judiciary headquarters and selected stations for the period under review revealed various irregularities to which the Controlling Officer submitted as set out below.

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December, 2019, a revenue provision of K26,487,812 was made, against which amounts totaling K28,280,454 were collected, resulting in an over collection of K1,792,642 as shown in Table 7.0.

Table 7.0: Budget against Collections

No. Revenue Type	Revenue Provision K	Actual Collection K	Variance K
1. Fines of Court	9,497,87	7,439,082	(2,058,788)
2. Court Fees	16,635,578	19,789,969	3,154,391
3. Library Services	354,364	219,493	(134,871)
4. Miscellaneous Fees	0	831,910	831,910
TOTAL	26,487,812	28,280,454	1,792,642

The Controlling Officer submitted that the projection of revenue for 2019 was based on guidelines by the Ministry of Finance through the 2019 – 2021 Budget Call Circular, issued in August 2018, under annex II (a), called Revenue Estimates Form and the revised figure as per yellow book which stood at K26,487,812.

The Controlling Officer also submitted that revenue under the Judiciary was difficult to project with certainty as it was case driven. For example, fines of court depended on the

number of cases before court that would attract fines. The Judges or Magistrates could not be directed to fine the accused. Similarly the fees of court depended on the number of litigants who were commencing actions in the courts of laws. Litigants could not be solicited to come and file actions before the courts of law. Suffice to state that management put in measures to ensure that all revenue collected was properly banked and accounted for, such as the introduction of non-handling of cash policy.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to be coming up with realistic annual estimates of revenue. The Committee resolves to close the matter.

b. Delayed Banking of Revenue – K10,824

i. Supreme Court – Court fees

The Controlling Officer submitted that early in 2019, a non-handling of cash policy was introduced under which all revenue collecting officers at all courts which were within the proximity of banking facilities were directed to stop handling cash, instead litigants were advised to bank directly into the institutional account and submit proof of banking for issuance of receipts. However, during implementation, there was representation from the Law Association of Zambia (LAZ) that the non-handling of cash be implemented in a phased manner, considering that not all registries were automated. It was during the period of discussion with LAZ that the delay occurred. Suffice to state that management still requested the officer responsible to exculpate himself.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the non handling of cash policy is implemented to the letter. The Committee also urges the Controlling Officer to finalise the disciplinary progress instituted against the officer in question. The Committee will await a progress report on the matter.

ii. Mwenechifungwe and Litoya Local Court

The Controlling Officer submitted that the observations by the Auditor General with respect to Mwenechifungwe and Litoya Local Courts were correct. During the financial year in question, management introduced the non-handling of cash policy for all revenue collectors in the Judiciary. However, during the implementation of this policy, management experienced challenges on two fronts such that representation was made from several stakeholders, including the Law Association of Zambia (LAZ), and some of the traditional authorities, to the effect that the new measure was inhibiting citizens from accessing justice in a timely manner. This was because of the distance that litigants had to cover to the bank to pay for court processes and then get back to court to be issued with a Government receipt. In most instances litigants had to incur more costs on transportation as compared to the court fees charged. As a result of the aforesaid, citizens resorted to seeking justice from traditional courts. This scenario affected the revenue collection by the local courts and gave due advantage to traditional courts which had more litigants seeking redress from the chiefs.

Against this background, the Controlling Officer submitted that her office wrote to the Office of the Secretary to Cabinet, through minute J/10/4/1, dated 13th July, 2020, requesting that the Treasury procures motor vehicles for all the courts at district level, to be used for Government business. management was grateful for the favourable response through minute CO.10/4/1, dated 17th July, 2020. The Judiciary was hopeful that with this intervention, the audit query on delayed banking shall not continue to subsist and if it did, the Controlling

Officer would not shy away from instituting disciplinary action against any officer found wanting.

Committee's Observations and Recommendations

The Committee finds it unfortunate that the litigants are seeking justice from traditional courts due to distances to banking facilities. However, while the Committee commends the Controlling Officer for the effort to organise motor vehicles, the Committee urges the Controlling Officer to ensure that non handling of cash policy is implemented to the letter. The Committee will await a progress report on the matter.

c. Client Accounts

i. Failure to Maintain an Updated List of Unpaid Clients

The Controlling Officer submitted that a scrutiny of records had revealed that this matter was resolved pursuant to management availing the bank reconciliations and the list of unpaid items.

Committee's Observations and Recommendations

The Committee resolves to close the matter.

ii. Insufficient Funds to Meet Clients' Claims – Kitwe Subordinate Courts- K105,679

The Controlling Officer submitted that management took action by charging the concerned officer on 22nd June, 2018. The erring officer appeared before the disciplinary committee and was subsequently dismissed by the Judicial Service Commission on 26th October, 2018. Management had since recovered the sum of K32,979.56 from his terminal benefits. The said sum had since been transferred to Kitwe Subordinate Court Client Account. The Committee was informed that the erring officer's file had been forwarded to the Public Service Pensions Board for the recovery of the outstanding amount. The Committee was also informed that should the Pension benefits not be sufficient to clear the outstanding amount, then the Controlling Officer shall have recourse to the Attorney General's chambers.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and put in place effective internal audit systems which will identify and address irregularities such as this one before the audit process. The Committee also urges that the outstanding amounts should be recovered without fail. The Committee will await a progress report on the matter.

d. Missing Receipt Books – Serenje Urban Local Court

The Controlling Officer submitted that the observation by the Auditor General was correct and that the concerned officer was charged and exculpated himself on 10th July, 2020. The Controlling Officer also submitted that management reported the matter to the Police and that a notice was issued notifying the general public of the said missing accountable documents.

Furthermore, management had since completed the loss report and submitted it to the Office of the Accountant General.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put measures in place to augment the security of accountable documents at local courts. The Committee will await a progress report on the Police investigations.

MINISTRY OF HOME AFFAIRS – ZAMBIA POLICE SERVICE

AUDIT QUERY	:	PARAGRAPH 6
PROGRAMME	:	2021
ACTIVITIES	:	122040 Firearm Licence
		123098 Fingerprints
		123010 Interpol
		121020 Admission of Guilt
		123099 Miscellaneous

Audit Findings

11. An examination of accounting and other records maintained at the Zambia Police Service headquarters and selected stations for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget Against Collections

The Controlling Officer informed the Committee that the over collection of K26,116,641 above the target of K66,501,389 was as a result of the reasons outlined below.

i. Admission of Guilt Fines

The Road Transport and Safety Agency (RTSA) and Zambia Police Service joint operation resulted in the collection of K27,694,400 of the K74,006,380 through static speed cameras. This amount was credited to the Zambia Police Service revenue budget line by the Ministry of Finance.

ii. Firearm Licence Fees

The increase of K33,033 was as a result of compliance by firearm owners in paying for firearm fees. This was after sensitising the firearm owners on the need to renew their licences.

iii. Interpol Fees

The increase in Interpol fees collected of K21,534 was as a result of increased volumes of motor vehicle clearance in the year under review because Interpol services had been decentralised to all provincial offices.

iv. Fingerprint Fees

The increase in fingerprint fees collected of K240,494 was as a result of increased demand for fingerprint services by members of the public.

v. Other Fees

The other fees related to the increased demand for issuance of police reports and certification of documents in the year under review resulting in an over collection of K934,560.

Committee's Observations and Recommendations

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

b. Under Charged Fees–Police Reports

The Controlling Officer explained that there were different types of police reports for different purposes which attracted different fees, namely:

1. Traffic accident report □K50
2. Loss of vital documents police report □K22.50
3. Finger prints clearance report □K84

The Controlling Officer also submitted that there was a lapse on the part of the police officers as they did not indicate the full description of the type of report issued in receipt books. This made it difficult for the auditors to ascertain the category of police report paid for. The Controlling Officer further submitted that the police officers who collected the non-tax revenue were not trained revenue collectors and there was no loss of revenue.

The Controlling Officer also informed the Committee that the officers had been directed to clearly indicate the type of police report being paid for in the receipt book. All the stations had been instructed to ensure that they described the nature of the police report under consideration. In addition, arrangements were being made to capacitate all the police officers involved in revenue collection with relevant skills required in handling accountable documents.

Committee's Observations and Recommendations

The Committee recommends that the Accountant General immediately second trained accounting staff to the Zambia Police Service in order to avoid such irregularities. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

c. Failure to Collect Revenue from Road Traffic Accidents and Offences

The Controlling Officer informed the Committee that the offences involved were non-impoundable. In that regard, offenders were given seven days in which to settle the fine as prescribed by the law. As a result of this provision, the Zambia Police Service had faced challenges in tracing some offenders because the offenders provided wrong contact details, and in some cases offenders were of no fixed abode.

The Controlling Officer further informed the Committee that the Ministry of Home Affairs, through the Zambia Police Service, wrote to RTSA on 16th September, 2020 to block the cited vehicles from accessing RTSA services in a bid to compel the vehicle owners to settle their outstanding traffic offences fines. Through this action, fines from thirteen offenders amounting to K3,375 had been collected and investigations were ongoing to ensure that the remaining fines were collected.

Further, the Government, through the Smart Zambia Institute and Ministry of Finance, was working on the Government Service Bus. This was a system that would give the Zambia Police Service direct access to the RTSA data base, thereby making it possible for the Zambia Police Service to verify and track offenders through both their vehicle registration and driving license details in real time. Additionally, the Integrated National Registration Information System (INRIS) under the Ministry of Home Affairs would enable the Zambia Police Service to access biometrics data which would enhance investigations.

Committee's Observations and Recommendations

The Committee is concerned that offenders are able to provide incorrect information in order to avoid paying fines and finds it unacceptable that the Zambia Police Service has allowed this situation. The Committee recommends that RTSA should implement measures such as

blocking the vehicles at the centre of the offences from accessing RTSA services until the vehicle owners settle the applicable fines. The Committee also urges the Controlling Officer to ensure that the outstanding fines are collected as they contribute to Government revenue. In addition, the Committee requests a progress report on the implementation of the Government Service Bus and the inclusion of functions and features that will allow the Zambia Police Service to track offenders as indicated. The Committee resolves to await a progress report on the matter.

d. Weaknesses in Revenue Collection – Charge Sheets

The Controlling Officer informed the Committee that the Zambia Police Form 126 (Road Traffic Offence Report) which was referred to as a charge sheet was an official document of the Zambia Police Service which, by law through Service Orders, had been used from time immemorial in carrying out its mandate. The document was not in itself an accountable document. For accountability and control purposes, all the particulars on the charge sheet were entered into the Road Traffic Offence Register and given a serial number. The road traffic offence register was, therefore, the source document for revenue collection purposes and it was available at all police stations.

The Controlling Officer further informed the Committee that the Zambia Police Service had since enhanced the charge sheet to include serial numbers and to be issued in duplicate so as to further improve accountability and control. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

The Committee commends the Zambia Police Service for taking corrective action on the observations of the Auditor General. The Committee therefore, urges the Controlling Officer to present all relevant documentation to the Office of the Auditor General for audit verification, subsequent to which the matter should close.

MINISTRY OF TOURISM AND ARTS

AUDIT QUERY	:	PARAGRAPH 7
PROGRAMMES	:	122 Licence
		123 Fees
		129 Other Fees
Activities		Various

Audit Findings

12. An examination of accounting and other records maintained at the Ministry headquarters and selected stations for the period under review revealed the following to which the Controlling Officer responded as set out below.

a. Budget and Actual Revenue Collections

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December, 2019, a revenue provision of K161,502,140 was made against which amounts totaling K176,923,801 were collected resulting in an over collection of K15,421,661. This is illustrated in Table 8.0.

Table 8.0: Budget against Collections

Revenue Type	Revised Estimates K	Actual K	Variance K
Casino Fees	3,557,577	2,538,927	(1,018,650)
Hotel Manager Registration Fees	1,668,743	643,380	(1,369,471)
Tourism Enterprise Fees	4,665,728	3,296,257	(1,025,363)
Hunting and Park Fees	151,536,599	170,333,279	18,796,680
Miscellaneous	73,493	111,958	38,465
Total	161,502,140	176,923,801	15,421,661

Although the Ministry recorded an over collection of K15,421,661, there was an under collection of K3,413,484 in respect of Casino, Hotel Manager Registration and Tourism Enterprise Fees.

The Controlling Officer submitted as follows:

- **Casino Fees – K1,018,650**

The 2019 revenue projections were completed earlier in September, 2018, with a collection target of 100 per cent. The Casino Fees consisted of Casino Licence Fees, Retention and 20 per cent Casino Levy.

The Controlling Officer submitted that due to the changes made by the Ministry of Finance (MoF), in the revenue collection responsibilities, the Ministry of Tourism and Arts only collected the Casino Registration Fees while the 20 per cent Casino Levy was collected by the Zambia Revenue Authority (ZRA), as the administration of this revenue stream was relocated to the ZRA with effect from 1st January, 2019. In this regard, the deficit of K1,018,650 was attributed to the reallocation of the Casino Levy, which was included in the revenue projection of K3,557,577.

Committee's Observations and Recommendations

The Committee observes with concern that this information was not availed to the auditor at the time of audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against officer for failure to avail information to the auditors at the time of audit. The Committee also urges the Controlling Officer to avail the documents to the auditors for verification. The Committee will await a progress report on the matter.

- **Hotel Managers Registration Fees – K1,369,471**

The Controlling Officer submitted that this was caused by compliance challenges on the part of hotel establishments and the lack of vigorous physical follow ups on the defaulting establishments due to inadequate budget allocations towards inspections and monitoring, insufficient human resources and logistics such as transport. However, demand notices to non-compliant establishments were always issued.

As a corrective measure, the Controlling Officer submitted that in the year 2021, countrywide physical inspection of establishments were planned to be undertaken on a quarterly basis, in order to minimise default levels.

The Controlling Officer also submitted that in order to improve compliance, the Ministry had developed an online software system which would be interfaced with the licensing and grading system for the Zambia Tourism Agency (ZTA).

The Committee was informed that the Hotel Managers Registration System Testing and User Acceptance Training, was conducted in October, 2020, as a preparation for the rolling out of the system. The Committee was also informed that this online system would improve revenue collection and enhance collaboration with the ZTA.

Further, the Controlling Officer submitted that management has engaged local authorities on the possibility of entering into a Memorandum of Understanding (MoU) for them to be collecting the cited fees, on behalf of the Ministry.

Committee's Observations and Recommendations

The Committee observes with concern that the Controlling Officer was unable to identify the non compliance on registration fees by Hotel Managers before the audit process. While the measures being put in place are commendable, the committee contends that they were reactive to the audit process. The Committee, therefore, urges the Controlling Officer put in place internal controls enhancement mechanisms and ensure that measures regarding registration fees are realised and fulfilled without delay. The Committee will await a progress report on the matter.

- **Tourism Enterprise Fees –K1,025,363**

The Controlling Officer submitted that the deficit was as a result of an over projection of revenue estimates for the 2019 collection of Tourism Licensing and Retention Fees. However, Tourism Licensing Fees were only renewable every three years and the said Fees were not due for collection during the period under review. In this regard, only Retention Fees were collectable during the ensuing two years following payment of Tourism Licensing Fees in year one.

Committee's Observations and Recommendations

The Committee observes that this information should have been availed to the auditor at the time of audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against officer for failure to avail information to the auditors. The Committee also urges the Controlling Officer to avail the information to the Auditor General for audit verification. The Committee will await a progress report on the matter.

- b. Delayed Banking – K68,756, US\$29,615**

The Controlling Officer submitted that the cited locations comprised multiple points spread over a large area of land which required a motor vehicle for collection of revenue. However, most facilities only had one vehicle whose priority was law enforcement and attendance to emergency situations involving human/wildlife conflict.

Other reasons attributed to delayed banking of revenue were as set out below.

- i. Long distances between revenue collection points, making it very difficult to aggregate all revenues in good time for depositing. Depending on weather conditions, the exercise may take more than a day to finalise.
- ii. Following aggregation of revenue, banking facilities were located in very distant places from the parks where it required higher quantities of fuel and allowances for cashiers to have the consolidated revenue deposited. This became a dilemma, especially where revenue collected was less than the cost of depositing.
- iii. Even in circumstances where revenue had been collected and ready to be deposited, transport at times was found not to be available because it would have been assigned to wildlife conservation management, leading to delayed banking.

The Controlling Officer submitted that as a corrective measure, the Ministry was working with SMART Zambia Institute to develop an online revenue management system that could be implemented in the national parks to overcome delayed banking challenges. It was the expectation of management that the system would be ready for roll out at the commencement of 2021. The Committee was informed that the Director of National Parks had since been charged to avoid the recurrence of the matter.

Committee's Observations and Recommendations

The Committee finds it unfortunate that the Controlling Officer was not prioritising the banking of revenue. The Committee finds it unusual that the Ministry could run for fifty-four days without organising transport for the banking of revenue. In this regard, the Committee urges the Controlling Officer to ensure that transport for the banking of revenue is secured as SMART Zambia Institute develops an online revenue management system. The Committee will await a progress report on the matter.

c. Failure to collect Revenue

i. Annual Retention Fees - Casino Operators – K24,000

The Controlling Officer submitted that casino licences ran for a period of three years. The eight casinos cited for audit queries had their operating licences issued in 2018, to run until 2020. Therefore, there was no casino operating without a licence.

The Controlling Officer also submitted that in accordance with the legal framework on casinos, Retention Fees were payable for the last two years within the period of validity of the license, which meant that no retention fee was payable in the first year. In the second and third year, a fixed amount of K3,000 was collected as Retention Fee, annually. While the audit report indicated that Retention Fees were not collected from eight casinos, the establishments cited in the query were registered on 22nd June 2018. Therefore, their due period within which to liquidate Retention Fees was between 22nd June, 2019 and 21st June, 2020.

The Controlling Officer also submitted that Retention Fee was an administrative charge which appeared under the third schedule of Statutory Instrument No 93 of 2016 - the Tourism and Hospitality (Casino) Regulations, 2016. It was not clearly spelt out that this Fee should be paid at the beginning or end of the period in which it was due.

Nonetheless, immediately after the expiry of the first year of operations in June 2019, demand notices were issued to enterprises. The Committee was informed that a follow up exercise was conducted in 2020, to issue reminders/demand notices, and four out of the eight were closed at the time of the exercise, due to the outbreak of COVID-19. A further, follow up exercise was undertaken which revealed that the proprietors had since relocated to China.

The Controlling Officer also submitted that the Ministry was working in collaboration with the Ministry of Finance to develop a legal framework that would iron out lacunas in the subsector.

The Committee was informed that the query arose as a result of capturing four casinos that had since closed business but were captured as operational. The Controlling Officer submitted that the casino that was captured as being operational in Kapiri Mposhi had relocated to Ndola before it ceased business in June, 2019 and paid the relocation fee as prescribed. The Committee learnt that the casinos closed at the time the Retention Fee was not due. However, the other two had since paid Retention Fees amounting to K6,000, leaving one outstanding. A reminder had since been written requesting this operator to comply before remedial action was taken, such as suspending the operating licenses. The remaining one casino was closed as it was being investigated for fraud by the Zambia Police Service.

The Controlling Officer submitted that, as a corrective measure, the Ministry had made phone calls to the enterprises and sent out emails. The next step would be to write to the Chinese Embassy, through the Ministry of Foreign Affairs, to resolve this issue through diplomatic channels. Further, the Ministry would develop a framework to compel enterprises to pay their dues, six months before the expiry date of the year in which the amounts were due, to ensure that the Ministry had enough time to take punitive action in the event of default.

Committee's Observations and Recommendations

The Committee expresses displeasure that supporting documents were not availed to the auditor at the time of audit. The Committee also notes with concern that the Controlling Officer is only making efforts to address the issues surrounding casino operations after the audit process. In this regard, the Committee urges the Controlling Officer to take disciplinary action against the officer who failed to avail supporting documents on the eight casinos to the auditors, at the time of audit. The Committee also urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

ii. Hotel Manager Registration Fees – K273,000

The Controlling Officer submitted that the Hotel Manager's Registration Fees constituted Registration, Practicing and Exemption Fees. During the 2019 budgeting, the above were included in the budget of K1,668,743. Out of the 124 establishments cited in the audit query, ten establishments paid while two were duplicated entries. The remaining 112 accommodation establishments were still being followed up.

The Committee was informed that the hotel establishments' compliance levels were low, as a result of failure to consistently monitor for compliance and inspection. This was attributable to inadequate budgetary allocations for implementing such activities, given the limited budgetary ceiling due to the tight fiscal space.

The Controlling Officer also submitted that the hotel establishments had not complied fully in paying the fees, however demand notices to non-compliant establishments had been issued and a physical inspection and sensitisation was planned to be undertaken on a quarterly basis in the year 2021, to ensure that revenue was collected as it fell due.

As a corrective measure, the Controlling Officer submitted that, in the year 2021, the Ministry had incorporated physical monitoring for compliance and inspection. In addition, the Ministry had developed an online software system which would be interfaced with the licensing and Grading System for the Zambia Tourism Agency (ZTA).

The Committee was informed that the Hotel Managers Registration System Testing and User Acceptance Training was conducted in October, 2020. This online system would improve revenue collection and enhance collaboration with the Zambia Tourism Agency.

Committee's Observations and Recommendations

The Committee is extremely dismayed by the failure of the Controlling Officer to ensure consistent monitoring for compliance and inspection of hotel establishments, resulting into revenue loss by the Government. The Committee, therefore, urges the Controlling Officer to ensure that the 112 hotel establishments are compelled to pay registration fees or invoke the necessary punitive measures for the violation of the provisions of the *Tourism and Hospitality Act, No. 13 of 2015*. The Committee will await a progress report on the matter.

iii. Tourism and Hunting Concession fees – K2,139,631, US\$693,091

Chilanga- Department of National Parks and Wildlife

The Controlling Officer submitted that out of the cited amounts of K352,000 and \$52,415 under Chilanga, sums of K202,000 and \$16,415 had since been collected, leaving outstanding balances of K150,000. The invoice for \$36,000 was erroneously issued prior to the signing of the concession agreement.

The Committee was informed that an invoice totaling \$36,000 was erroneously and prematurely issued as the concession agreement had not been signed because of the absence of a sitting Chief (His Royal Highness Chief Ngabwe) for Lower Lunga Luswishi, who happened to be a signatory to the Agreement.

The Committee was also informed that the Operator, Eternity Safaris, had equally not signed the agreement due to the uncertainty surrounding the continued absence of a sitting Chief and this had further prevented the outfitter from operating since 2019.

The Controlling Officer also submitted that with regard to the outstanding K150,000 owed by Mang'omba Safaris, as Concession Fees for Mumbwa East Hunting Block, the outfitter was unable to pay because he had been prevented from operating by encroachers and there was a court injunction restraining the outfitter from evicting the encroachers and operating exclusive safari hunting activities in the hunting block.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to consider allocating an alternative hunting block to Eternity Safaris. The Committee also urges the Controlling Officer to take disciplinary action against the officer who prematurely issued an invoice totaling \$36,000. The Committee will await a progress report on the matter.

Mosi-Oa-Tunya Area Management Unit

The Controlling Officer submitted that out of the uncollected debt of K32,244 and US\$169,034, a total sum of US\$100,000 had since been recovered against the outstanding amounts, leaving balances of K32,244 and US\$69,034, respectively.

The Controlling Officer also submitted that much of the debt was owed by one concessionaire who had not developed the area, for the operations to commence. The operator had since sold the concession to NAPSA who had started liquidating the debt.

As a corrective measure, the Controlling Officer submitted that demand notices had been issued on outstanding amounts and follow up action would be undertaken on a quarterly basis.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the outstanding debt is fully liquidated, without fail. The Committee will await a progress report on the matter.

Lower Zambezi Area Management Unit

The Controlling Officer also submitted that for operators in Lower Zambezi Game Management Area who were owing sums of US\$180,315 and K331,825, demand notices were issued, but in return, operators had disputed to pay outstanding land user fees and had instead opted for to seek judicial review in the courts of law. The matter was in court.

Committee's Observations and Recommendations

The Committee notes the submission and will await the outcome of the court matter.

South Luangwa Area Management Unit

The Controlling Officer submitted that the audit schedules included amounts for both 2019 and 2020 accounting periods. Operators in South Luangwa National Park had since collectively paid US\$98,710.20 and K45,723.50 out of US\$205,657 and K114,427, respectively, leaving a balance of US\$106,946.80 and K68,703.97.

The Controlling Officer also submitted that tour operators domiciled in the national parks had alluded to a downturn of business due to the Covid-19 Pandemic, while those in the Game Management Areas had disputed the land user fees citing non-legal backing of the gazette publication on which the fees were premised.

The Controlling Officer further submitted that the Ministry of Finance had been engaged to determine the extent of relief and authority to waive some of the fees for tour operators based in the park, while the outcome of the court case was being awaited.

Committee's Observations and Recommendations

The Committee observes that the Controlling Officer is not addressing legal contest by the tour operators domiciled in the Game Management Areas. In this regard, the Committee urges the Controlling Officer to engage the affected tour operators to have them understand the gazette publication on which the fees were premised. The Committee also urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for verification and will await a progress report on the matter.

Kafue National Park

The Controlling Officer submitted that out of the outstanding fees amounting to K1,309,133, management had recovered a sum of K35,244.34 against K875,718.24, collectively owed by Muyukuyuku-Kafue Camps Safaris, Kubukweena Lodge and Wilderness Safaris. The above operators had submitted commitment plans to liquidate the outstanding fees and supporting documents were available for verification.

The Controlling Officer also submitted that as for a total sum of K433,414.76, collectively owed by J & M Safaris, Lubungu Safaris, Kasabushi Camp, Chunga Safaris and Hippo Lodge, a sum of K102,420 was paid, leaving a balance of K330,994.76, and demand notices had been issued in the quest to recover the debt. As for debt under Mawimbi Safaris, the outfitter remained committed to liquidating the debt once the Tourism Concession Agreement was cleared by the Ministry of Justice and signed by all concerned parties.

Committee's Observations and Recommendations

The Committee expresses concern that out of K1,309,133 owed by Muyukuyuku-Kafue Camps Safaris, Kubukweena Lodge and Wilderness Safaris, only K35,244.34 was paid. This clearly shows lack of commitment by both the Ministry and the tour operators. In this regard, the Committee urges the Controlling Officer to be proactive and ensure that all the outstanding fees are collected, failure to which, suspend the operating licences of all defaulting operators. The Committee will await a progress report on the matter.

iv. Failure to Obtain Permits to Keep Game in Captivity – K38,970

The Controlling Officer submitted that fees amounting to K12,584.10 had been collected, leaving a sum of K26,385.60 as outstanding.

The Controlling Officer also submitted that the cited estates had challenges in travelling from far flung areas to Chilanga where permits were centrally renewed.

The Committee was informed that officers had been assigned to make physical follow ups on clients who had not responded despite repeated reminders.

The Controlling Officer also submitted that to mitigate the recurrence of the matter, management was collaborating with Smart Zambia Institute in the design and roll out of online platforms for submission of annual Returns and online payment of prescribed fees directly into the revenue transit accounts. It was envisaged that this strategy would not only enhance revenue collection, but also ease the burden on game ranch farmers who had to travel long distances to make payments.

The Controlling Officer further submitted that the Ministry had commenced the review of the relevant Statutory Instrument to give authority to the relevant Department to enforce punitive measures against the defaulters, which was missing in the existing legislation.

Committee's Observations and Recommendations

The Committee urges the Smart Zambia Institute to urgently finalise the development and roll out of the online payment platform. The Committee will await a progress report on the matter.

MINISTRY OF WORKS AND SUPPLY

AUDIT QUERY : **PARAGRAPH 8**
PROGRAMMES : 122 Licences
 123 Fees
 123 Other Revenue
ACTIVITIES : Various

Audit Findings

13. An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the period under review revealed the following to which the Controlling Officer responded as set out below.

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the Financial Years Ended 31st December, 2018 and 2019, revenue provisions of K10,280,001 were made against which amounts totaling K9,774,507 were collected, resulting in an overall under collection of K505,494 as summarised in Table 9.0.

Table 9.0: Budget against Collection

No	Revenue Type	Revenue Provision			Collections			
		2018 K	2019 K	Total Provision K	2018 K	2019 K	Total Collections K	Variance K
1	Registration fees	211,685	515,958	727,643	514,810	533,000	1,047,810	320,167
2	Survey fees	-	-	-	-	-	-	
3	Other fees	4,270	-	4,270	-	223,860	223,860	219,590
4	Rent of Government premises	41,502	273,377	314,879	50,212	132,496	182,708	132,171
5	Proceeds from Sale of properties	66,419	2,280,177	2,346,596	124,015	51,086	175,101	2,171,495
6	Proceeds from Sale of vehicles	1,485,440	33,964	1,519,404	1,398,939	1,273,629	2,672,568	1,153,164
7	Printing Supplies	836,084	4,079,103	4,915,187	2,708,529	2,310,576	5,019,105	103,918
8	Flower sales	1,804	2,891	4,695	2,400	1,505	3,905	790
9	Renewal of Certificates	-	146,585	146,585	-	80,200	80,200	66,385
10	Offices equipment & maintenance services	99,498	146,470	245,968	171,015	52,285	223,300	22,668
11	Misuse of Government Vehicles	20,144	34,350	54,494	27,700	117,000	144,700	90,206
12	Damage of Government property	280	-	280	250	1,000	1,250	970
	Total	2,767,126	7,512,875	10,280,001	4,997,870	4,776,637	9,774,507	505,494

The Controlling Officer submitted that the under collection was due to the following:

- the cost control measures announced in July 2019, which caused the Ministry to reschedule the disposal of properties to 2020, hence the noted under performance of K2,171,495;
- the cost cutting measures implemented in July 2019, which resulted into ministries, provinces and spending agencies (MPSAs) experiencing reduced funding from the Treasury, hence they could not settle K22,668 for servicing and maintenance of office equipment; and
- K132,171 could not be realised due to a reduced occupancy rate in some of the rentable buildings. Further, the anticipated collection of valuation fees from the general public could not be realised due to the economic meltdown in the year under review.

Committee's Observations and Recommendations

The Committee notes the response on the matter and urges the Controlling Officer to be coming up with realistic annual estimates of revenue. The Committee resolves to close the matter.

b. Failure to Collect Revenue from Sale of Personal to Holder Vehicles - K519,172

The Controlling Officer submitted that it was regrettable that at the time of Audit, evidence of payments of some of the sale of motor vehicle totaling K519,172 could not be availed to the audit team. Documents relating to payments of a total sum of K257,401 were available for verification. The balance of K261,771 had not yet been paid. The Ministry had continued to engage the officers to pay. Further, the Ministry had written the Secretary to the Cabinet to consider withdrawing the offers that had remained unpaid for a long time.

Table 10.0: Management Submission

Year	No Of Officers	Amount Paid	Balance
2018	13	257,401	64,562
2019	3	-	197,209
Total	16	257,401	261,771

Committee's Observations and Recommendations

The Committee observes with concern that officers were failing to pay for the vehicles they bought at give away prices. The Committee, therefore, urges the Controlling Officer to ensure that all those officers violating the purchase agreement, have their vehicles withdrawn without delay. Further, all such offers henceforth should include a deadline for payment, and a provision that the offer lapses if full payment is not made by the offeree by that date. The Committee will await a progress report on the matter.

c. Failure to Collect Revenue from Rental Arrears–Government Complex- K399,712

The Controlling Officer submitted that there was a delay at collecting rentals due to change over of the property managers at Government Complex. The Committee was informed that all the rentals that had been outstanding at the time of audit had since been settled and documentary evidence was available for audit verification.

Committee's Observations and Recommendations

The Committee observes that this information should have been availed to the auditors at the time of audit. The Committee, therefore urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information and ensure that all supporting documents regarding this matter are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

d. Failure to Collect Debt – K4,386,218

The Controlling Officer submitted as set out below.

1. Office Equipment – Lusaka and Solwezi Offices - K104,475 (K95,225 + K9,250)

The Department of Office Equipment Maintenance Services was mandated to carry out repairs, maintenance, servicing and labelling of all government office machines and in the process collect fees for the services provided to clients. During the Financial Year Ended 31st December, 2019, services equivalent to the amounts quoted were offered from the Lusaka and Solwezi offices, but not yet paid for. The Ministry had been making attempts to collect the funds in question.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the affected clients to come up with payment plans, which will help them offset the debts. In an even that the clients are not willing to enter into a payment plan, the Controlling Officer should institute legal action against such clients. The Committee will await a progress report on the matter.

2. Government Printing Department – K4,386,220

The Department was mandated to provide printing services to all government departments. The Department had been engaging the clients who owed. A total of K1,499,740 had been collected. The balance of K2,782,005.30 was yet to be collected.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the affected clients to come up with payment plans, including the possibility of debt swaps. The Committee will await a progress report on the matter.

e. Delayed Banking – K13,500

The Controlling Officer submitted that it was regrettable that there was delayed banking of K13,500 from Ndola. The Permanent Secretary in the Copperbelt Province had been engaged to caution officers who collected revenue on behalf of Head 064 to observe Financial Regulations pertaining to the banking of revenue.

Committee's Observations and Recommendations

The Committee urges the controlling Officer to follow up the disciplinary matter with the Copperbelt Province administration and ensure that it is instituted to the letter. The Committee will await a progress report on the matter.

MINISTRY OF MINES AND MINERALS DEVELOPMENT

AUDIT QUERY	:	PARAGRAPH 9
PROGRAMMES	:	122 Licences
		129 Other Revenue
ACTIVITIES	:	122050 Mining Licence
		129015 Fees and Surface Rental Charges
		129099 Miscellaneous

Audit Findings

14. An examination of accounting and other records maintained at the Ministry headquarters and selected stations for the period under review revealed the following to which the Controlling Officer responded as set out below.

a. Budget against Revenue Collections

In the Estimates of Revenue and Expenditure for the Financial Years Ended 31st December, 2018 and 2019, a total revenue provision of K89,113,386 was made, against which amounts totaling K88,139,442 were collected, resulting in an under collection of K973,944 as shown in Table 11.0.

Table 11.0: Budget and Actual Collections

YEAR	DESCRIPTION	Budget Estimates K	Actual K	Variance K
2018	Mining Licence	36,936,195	36,008,203	(927,992)
	Fees and Surface Rental Charges	1,606,567	1,713,420	106,853
	Miscellaneous	1,853,832	2,208,223	354,391
	Total	40,396,594	39,929,846	(466,748)
2019	Mining Licence	45,689,665	43,813,699	(1,875,966)
	Fees and Surface Rental Charges	916,635	785,300	(131,335)
	Miscellaneous	2,110,492	3,610,597	1,500,105
	Total	48,716,792	48,209,596	(507,196)
	Grand Total	89,113,386	88,139,442	(973,944)

The Controlling Officer submitted that in the Financial Year 2018, the budget estimate was projected at K40,396,594 but the Ministry collected K39,929,846. The under collection could be attributed to the fact that the Ministry did not receive the approved budgeted resources (appropriation-in-aid funds) from budget office. This was the money used to advertise in the press for outstanding area charges. Also, efforts were made to request for these funds but to no avail.

The Controlling Officer also submitted that in respect of the Financial Year 2019, the initial target estimate was projected at K46,166,706. As at 31st December, 2019, the Ministry had collected K48,209,596 against a target of K46,166,706, which was clearly above the target by K2,042,890.

The Committee was, however, informed that the Ministry of Finance, in a letter dated 30th December, 2019 and received on 2nd January, 2020, adjusted the target upwards to K48,716,791.58.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to continue engaging the Treasury for funding. The Committee also urges the Controlling Officer to come up with measures that will augment revenue collection at the Ministry. The Committee will await a progress report on the matter.

b. Deposits not Reflected on the Bank Statements – K17,850

The Controlling Officer submitted that out of the five transactions queried, four transactions totaling K11,280, were deposited and were reflecting on the bank statement whereas the K6,570 was an online deposit by Katima Stones Explosives. This deposit did not clear to reflect on the bank statement. However, the Ministry issued a receipt based on the deposit slip presented. The Ministry had no access to the revenue transit account, which led to the inability to verify the deposits on the statement.

In this regard, the Committee was informed that the Ministry engaged Katima Stones who had since paid the amount of K6,570. In addition, the Ministry wrote to the Ministry of Finance requesting for access to view the account in order to verify the deposits before issuing the receipt. The Ministry of Finance had since granted authority for the officers to have access to the revenue transit account.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and also ensure that supporting documents on this matter are availed to the Office of the Auditor General for verification. The Committee resolves to close the matter subject to audit verification.

c. Under charging of area charges – K46,573

The Controlling Officer submitted that the underpayment was as a result of the Mining Rights Administration Software System which was not configured to reflect the current fee units. The system had not been upgraded by the software developers due to a delay in payment for the service level and software maintenance agreement. This was the only client affected.

The Committee was informed that the developers had since been paid and the system had been configured to reflect the new rates. The Controlling Officer also submitted that the Ministry has started verifying manually the rates before invoices were issued to the clients to ensure that the correct rate was applied to avoid recurrence of the matter.

The Controlling Officer further submitted that a demand notice was issued to the client to settle the difference. The Committee was informed that Universal Mining and Chemicals Industries had since paid the balance of K46,572.74.

Committee's Observations and Recommendations

The Committee observes with concern that the delay in paying the software developer could result in loss of revenue. To this end, the Committee stresses the need for the Ministry to prioritise payments to the software developers and ensure that they are up to date to avoid a recurrence of this situation. The Committee also urges the Controlling Officer to avail the documentation with regard to the payment of the difference in the area charges to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

d. Failure to Collect Outstanding Area Charges from Mineral Right Holders-K21,199,692

The Controlling Officer submitted that the failure to collect outstanding area charges from the mining right holders was due to the following:

1. Erratic funding received during the period under review.

Funding to the Department was inadequate during the period and this resulted in the failure to communicate effectively with mining rights holders, through the running of advertisements in the print media, sending of registered mail, maintenance of information technology systems and other related functions. In addition, the department was also unable to undertake regular inspection exercises to enforce statutory requirements.

2. Low staffing Levels

There were low staffing levels in the Provincial Mining Bureaus, making it difficult to undertake field inspection in relation to the large number of mines in operation and the new ones, which were commissioned during the period under review. Due to inadequate number of field inspections by officers, revenue collection was adversely affected.

The Controlling Officer also submitted that in response to the matter pertaining to the failure to collect outstanding area charges, the Mining Cadastre Department had invoked the provisions of section 72 in totality. In April/May 2019, the Department ran advertisements in the Zambia Daily Mail as notification to licence holders for failure to pay area charges on 1,532 licences. By August 2019, only 653 licences had made positive strides and paid the outstanding area charges totaling to K3,477,109.07.

The Controlling Officer also submitted that the remaining number of licence holders had not paid area charges. Their cases were on 27th August, 2019, tabled before the 43rd Mining Licensing Committee meeting for cancellation. The affected licence holders were notified accordingly by electronic mail. This mode of notification was not fully enforceable as the provisions of Section 72(8) and (9) were not entirely exhausted and thus effecting full cancellation would have resulted in legal suits against the Government.

The Controlling Officer also submitted that other advertisements were run in the Daily Mail of 9th January, 2020 and 19th November, 2020, respectively, notifying holders of mining rights who had failed to comply with the initial default notice of the decision by the Mining Licensing Committee to terminate the mining rights. Supporting documents were available for audit verification at the Mining Cadastre Department.

The Controlling Officer further submitted that the Ministry had obtained Treasury Authority and recruited fifty-four personnel who would be deployed at the mining bureaus to enhance revenue collection.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to prioritise provision of the requisite funding to the Ministry for advertisements and recruitment of staff in provincial mining bureaus. Further, the Committee directs the Controlling Officer to make concerted efforts to collect all outstanding area fees without delay. The Committee will await a progress report on the matter.

**MINISTRY OF HOME AFFAIRS – DEPARTMENT OF NATIONAL
REGISTRATION, PASSPORT AND CITIZENSHIP**

AUDIT QUERY : PARAGRAPH 10
PROGRAMME : 123 Fees
ACTIVITIES : 123020 Passports

Audit Findings

15. An examination of accounting and other records maintained at the Passport and Citizenship Office headquarters and selected stations for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget Against Collections

The Controlling Officer informed the Committee that the higher than expected revenue collected by the Passport Office was as a result of a high number of citizens renewing their passports. In 2008, the Passport Office issued new passports whose validity period was ten years, and therefore, these passports were expected to expire around 2018. This resulted in an influx of people seeking to renew their passports which in turn caused an increase in the revenue collected in 2019.

Committee's Observations and Recommendations

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

b. Duplicate Receipts

The Controlling Officer informed the Committee that the duplication in receipts in the passport production system was as a result of human error during data entry. The Controlling Officer further informed the Committee that although there was duplication of receipt numbers arising from human error, reconciliation had been undertaken which confirmed that there was no loss of revenue as deposits for the printed passports could be traced to the bank statements. The Controlling Officer also submitted that the officers responsible for causing duplicate receipts in the production process had been identified and charged. Further, the Department had made staffing changes at the Passport Office and commenced daily reconciliation of produced passports against receipts. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken and recommends the matter for closure subject to presentation of the supporting documentation to the Office of the Auditor General for verification.

c. Use of Obsolete/Unsupported Software and Devices

The Controlling Officer informed the Committee that the failure to upgrade the system was as a result of insufficient funds. In 2014, the Ministry of Home Affairs appealed to the Treasury for funds to upgrade both the hardware and software but funds were not provided.

The Controlling Officer submitted that in 2018 the Ministry made the decision to replace the entire Personalised Passport System (PPS) with the Electronic Passport (E-Passport) System in line with the International Civil Aviation Organisation (ICAO) standards. The exercise of migrating to the E-Passport System was costly and was therefore, being done through a

Public Private Partnership (PPP). The procurement pre-qualification process of the E-Passport System and the due diligence commenced in 2021. The short listing was done and three firms had been pre-qualified for possible engagement.

The Ministry envisaged that once this process of tendering was concluded, the entire PPS would be overhauled in terms of software and hardware. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that the process of migrating from the Personalised Passport System is expedited. Furthermore, the Secretary to the Treasury should ensure that the Ministry meets its financial obligations in the PPP arrangement without fail so that the project does not stall. The Committee resolves to await a progress report on the matter.

MINISTRY OF COMMERCE, TRADE AND INDUSTRY – PATENTS AND COMPANIES REGISTRATION AGENCY (PACRA)

AUDIT QUERY : PARAGRAPH 11
PROGRAMME : 122 Licences
ACTIVITIES : 122072 PACRA Collections

Audit Findings

16. An examination of accounting and other records maintained at PACRA headquarters and selected stations for the period under review revealed the various irregularities, to which the Controlling Officer submitted as set out below:

a) Budget against Collections

In the Estimates of Revenue and Expenditure for the Financial Years Ended 31st December 2018 and 2019, a revenue provision of K166,783,931 was made against which amounts totaling K153,052,800 were collected, resulting in an under collection of K13,731,131. This is illustrated in Table 12.0 below.

Table 12.0: Budget against Collections

Year	Description	Revised Estimates K	Actual K	Variance K
2018	PACRA Collections	81,454,344	78,333,444	- 3,120,900
2019	PACRA Collections	85,329,587	74,719,356	- 10,610,231
	Total	166,783,931	153,052,800	- 13,731,131

In view of the foregoing, the Controlling Officer submitted that there was no failure in the Agency's internal control systems. The under collection was attributed to a number of factors including, but not limited to, the following:

- (i) Most revenue lines were demand driven and therefore not within the control of the Agency; and

- (ii) The period under review was characterised with erratic funding which affected the Agency's ability to undertake revenue generating activities such as sensitisation and awareness and mobile registration.

The Controlling Officer also submitted that the Treasury had continued to effect significant increases to the Agency's revenue collection targets despite being made aware of the nature of most of the services provided by the Agency. The Treasury predetermined revenue collection targets with minimal input from the Agency.

Committee's Observations and Recommendations

The Committee notes the lamentations of the Controlling Officer and urges the Secretary to the Treasury to support the Agency with the requisite funding to undertake revenue generating activities.

b) Unaccounted for Revenue- K13,984

The Controlling Officer submitted that there was no failure in the Agency's internal control systems and that no funds went missing. The difference of K13,984 related to electronic funds transfers made by clients into the Agency's bank accounts. The direct transfers were subsequently remitted to the Government revenue account in line with standard procedures.

Committee's Observations and Recommendations

The Committee finds it unacceptable that this information and the supporting documents were not availed to the auditors during the audit process. In this regard, the Committee urges the Controlling Officer to take the audit process seriously and also ensure that officers who failed to avail supporting documents to the auditors at the time of audit, are disciplined accordingly. The Committee also urges the Controlling Officer to avail all relevant documents on this matter to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

c) Failure to Submit Annual Returns, Non-Payment of Annual and Penalty Fees- K256,073

The Controlling Officer submitted that there were no failures in the internal control systems at the Agency and that in an effort to increase compliance, and pursuant to section 317 of the *Companies Act, No. 10 of 2017* and section 16 of the *Registration of Business Names Act, No. 16 of 2011*, the Agency deregistered 24,750 companies in the period under review.

Additionally, the Agency implemented several administrative measures in order to increase compliance. These included the following:

- (i) bulk Short Message Service (SMS) reminders were sent to non-complaint businesses;
- (ii) several inspections were conducted in trading areas to encourage businesses to file annual returns;
- (iii) reminders to local authorities on the importance of encouraging businesses to be compliant with PACRA before applying for business permits; and
- (iv) advertisements and programmes were aired on community radio stations emphasising the need to file annual returns for the registered businesses which were not compliant.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail the information to the auditors at the time of audit. The Committee will await a progress report on the matter.

MINISTRY OF HOME AFFAIRS – ZAMBIA POLICE SERVICE

AUDIT QUERY : **PARAGRAPH 12**
PROGRAMMES : Various
ACTIVITIES : Various

Audit Findings

17. An examination of accounting and other records maintained at the Zambia Police Service headquarters and selected stations for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget - K1,495,560,533; Funding - K1,235,363,782; Expenditure - K1,235,019,232

The Controlling Officer informed the Committee that the underfunding of K260,196,751 was due to the limited resources in the Treasury. The Controlling Officer stated that the Zambia Police Service endeavoured to carry out most of its planned activities and the ones which were not fully implemented were carried forward to the annual work plan for 2020 if the activity was continuous in nature. Further, management had continued requesting for funding through the Ministry of Finance, especially in areas that had been underfunded so as to avoid having several activities not being implemented. Furthermore, the Ministry of Home Affairs had occasionally been engaging the Ministry of Finance through the budget framework on the possibility of increasing the Appropriation-In-Aid funding. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and calls upon the Secretary to the Treasury to ensure that funds are released in line with the budgetary provision so that the Ministry can undertake activities planned for a particular financial year. The Committee resolves to close the matter.

b. Procurement of Goods and Services - Failure to Deliver Procured Items

The Controlling Officer stated that management issued a demand letter to the supplier to either deliver the consignment or refund the institution the paid amount. The supplier indicated that they had difficulties to secure an export permit from the South African Government. The Zambia Police Service therefore, wrote to the Police Commissioner of the South African Police Service and the Ministry of Foreign Affairs to assist the supplier have the equipment exported within the shortest possible time. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and wonders why the Zambia Police Service entered into a contract with a supplier who did not have an export permit and questions whether the procurement regulations and the law were adhered to in the award of this contract. In this vein, the Committee calls upon the relevant investigative wings to review the procurement process and take necessary action against all those found culpable. The Committee resolves to await a progress report on the matter.

c. Accounting Irregularities - Unaccounted for Stores - K38, 738

The Controlling Officer informed the Committee that out of the K38,738 highlighted by the auditors, K18,993.75 was an exhibition fee payable to the Agricultural and Commercial Show Society of Zambia and a receipt was obtained. However, there was a lapse on the part of the stores officers in the manner stores items amounting to K19,744.25 were issued, in that instead of issuing agricultural show badges, tickets and other stores items to individual participants, they were issued as a block.

The Controlling Officer further informed the Committee that the remaining receipts amounting to K19,744.25 had been attached and disposal details were available. Furthermore, the acquittal sheets containing the names of the individual recipients of the badges and other stores items were available. The Controlling Officer also submitted that the Zambia Police Service had put in place a system where stock items were being signed for by stores officers as well as accountants as guided by the Treasury and Financial Management Circular No. 8 of 2019 as a way of enhancing internal controls. Additionally, as stated in the Circular, stores officers had become part of the Finance Department, and it was anticipated that with the supervision of the Director of Finance such queries should not recur. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the measures that have been implemented to ensure that the query does not recur and urges the Controlling Officer to institute disciplinary action against the officers responsible for the lapse. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

d. Management of Assets – Failure to Secure Title Deeds

The Controlling Officer informed the Committee that the failure to obtain title deeds was due to various processing stages at the Ministry of Lands and Natural Resources. This led to some stages not being completed on time.

The Controlling Officer further informed the Committee that the Zambia Police Service had commenced the process of titling all properties across the country and a comprehensive list of all Zambia Police Service properties had been made and submitted to the Ministry of Lands and Natural Resources for numbering. Further, the Zambia Police Service also secured some title deeds for Chibombo Police Academy, property number 11795 and Lilayi Senior Officers' Mess property number F/401A/33, among others. In addition, the Office of the Controlling Officer had instructed all Provincial Commissioners of Police to work with the local authorities to ensure that all Zambia Police Service properties were titled. Further, the Muchinga Provincial Commissioner's Office had managed to obtain five Invitations to Treat. The Controlling Officer further submitted the following updated status for four properties.

i. Shimabala Police Farm - Kafue/LN 3202/121

Management had since lodged the offer letter with the Ministry of Lands and Natural Resources and the lease had been prepared for signing by the Minister of Finance who was mandated to approve the lease tenures for Government properties. Supporting documentation was available for audit verification.

ii. Lusaka West Farm □ Farm No. 459A

The Zambia Police Service had not been able to proceed with the process of obtaining title deeds for the Lusaka West farm due to the fact that there was a pending court process. The matter was that the Zambia Police Service obtained an injunction in 2014 regarding the encroachers on part of the land. The Solicitor General had since written to the lawyers of the encroachers requesting them to refrain from carrying out any activities or risk being cited for contempt of court.

However, the Auditor General clarified that it was actually the encroachers who had obtained an injunction against the Zambia Police Service as per the documentation submitted by the Zambia Police Service. The matter was still active in court.

iii. Nkeyema Farm

Management had since obtained approval from his Royal Highness Chief Makena II to proceed with the process of obtaining title deeds. The payment for the conversion of land tenure from customary to statutory had been made to the Nkeyema District Council and the numbering of the land had been done. These documents were at the Survey Department at the Ministry of Lands and Natural Resources awaiting the approval of the survey map. Supporting documentation was available for audit verification.

iv. Air Wing

The Zambia Police Service had since made progress by obtaining an offer letter from the Commissioner of Lands and the lease had been prepared and sent to the Ministry of Finance for signing. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes with concern the delay in securing title deeds for the various properties. It is further concerned that the Order of Interim Injunction relating to Lusaka West Farm No. 459A has been in place since 2013 without making progress on the resolution of the matter.

The Committee, therefore, directs the Controlling Officer to follow up the matter of securing title deeds with the urgency it deserves. The Committee will further await the outcome of the court process relating to the Lusaka West Farm.

e. Infrastructure Development –Construction of Police Posts

The Controlling Officer informed the Committee that the Zambia Police Service did not receive all the funding from the Treasury as approved by Parliament due to inadequate resources. The Zambia Police Service had, therefore, written to the Ministry of Finance to pay off outstanding certificates centrally due to the fact that the Zambia Police Service budget was not adequate. The Ministry of Finance managed to clear some of the certificates amounting to K2,166,709.02 in the third and fourth quarter of 2020 through the dismantling of arrears initiative which was on-going. The Government had directed that focus should be on projects which were at 80 per cent completion and above.

The Controlling Officer further informed the Committee that the Ministry of Home Affairs had failed to complete two other projects within the contract period due to the directive that only projects above 80 per cent should be funded. The lack of funding therefore, contributed to the failure to complete the projects within the agreed contract period. However, management had since obtained approval to have the contract periods for the two projects extended. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is saddened by the Ministry's failure to settle outstanding certificates as this has the potential to delay the completion and handing over of the projects to the Ministry. The Committee is particularly concerned that even construction of some police posts in areas that may not have the Zambia Police Service presence has stalled, thereby depriving the affected communities of the services of the Zambia Police Service.

The Committee acknowledges the constraints related to the limited resource envelope. However, the Committee urges the Secretary to the Treasury to support the Zambia Police by ensuring that all outstanding certificates are settled and projects are handed over to the Ministry. The Committee further urges the Controlling Officer to prioritise all the projects that have taken off and ensure that they are completed before embarking on any other projects. The Committee resolves to await a progress report on the matter.

f. Transport and Fleet Management – Failure to Insure Marine Equipment and Motor Vehicles

The Controlling Officer informed the Committee that the failure to insure marine and motor vehicles had been due to lack of sufficient budget allocation for insurance. The Zambia Police Service had a fleet of 1,098 vehicles, out of which forty-five were insured at premiums amounting to K339,789.39 leaving 1,053 motor vehicles uninsured in the year under review. The total insurance premium for the whole fleet to be insured was estimated at K5,809,988.93. However, this amount could not be accommodated in the 2019 budget for the Zambia Police Service. The Controlling Officer also submitted that all the new motor vehicles being procured were insured and the Zambia Police Service had since written to the Ministry of Finance to assist in terms of paying the premiums for the old vehicles.

Committee's Observations and Recommendations

The Committee notes the huge amount of funds required to insure the vehicles and marine equipment for the Zambia Police Service. The Committee however, contends that the insurance of motor vehicles is necessary and its importance cannot be overemphasised.

In this regard, the Committee urges the Secretary to the Treasury to support the Ministry with necessary funding to enable it meet the cost of insurance premiums going forward. The Committee resolves to await a progress report on the matter.

MINISTRY OF CHIEFS AND TRADITIONAL AFFAIRS

AUDIT QUERY	:	PARAGRAPH 13
DEPARTMENT	:	Various
UNIT	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

18. An examination of financial and other records maintained at the Ministry Headquarters and selected stations for the period under review revealed the various irregularities, to which the Controlling Officer submitted as set out below:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December, 2019, a provision of K128,509,688 was made to cater for the operations of the Ministry.

In this regard, amounts totaling K92,338,365 were released by the Treasury resulting in an under funding of K36,171,323 as shown in Table 13.0 below.

Table 13.0: Budget, Funding and Expenditure

No.	Department	Provision K	Amount Released K	Under/(over) Funding K	Amount Spent K
1	Headquarters	42,064,119	31,371,445	10,692,674	31,259,207
2	Human Resources and Administration	26,196,190	18,416,967	7,779,223	18,416,747
3	House of Chiefs	3,910,470	3,845,920	64,550	3,577,333
4	Chiefs and Traditional Affairs	54,126,647	37,345,000	16,781,647	37,266,993
5	Planning, Research and Information	972,600	430,000	542,600	395,759
6	Finance	1,239,662	929,033	310,629	929,015
	Total	128,509,688	92,338,365	36,171,323	91,845,054

As at 31st December 2019, amounts totaling K91,845,054 had been spent.

In view of the foregoing, the Controlling Officer submitted that the initial budget for the Ministry was K117,779,703. The Ministry applied for a supplementary budget of K10,729,985 which was granted, bringing the total budget to K128,509,688 for the period under review.

The Committee was informed that a total of K92, 338,365 was released by the Treasury, representing 72 per cent of the total approved budget. This resulted in an underfunding of K36,171,323.

The underfunding of K36,171,323 impacted the Ministry's ability to efficiently and effectively carry out all its planned activities, some of which included:

1. settlement of arrears for the Chiefs' subsidies, for the months of December, 2017, December, 2018 and February and December, 2019, which remained unsettled at the end of the 2019 financial year;
2. settlement of outstanding interim payment certificates for the construction of Chiefs' palaces; and
3. payment of other personal emoluments.

Committee's Observations and Recommendations

The Committee notes the response on the matter and urges the Controlling Officer to be coming up with realistic annual estimates of revenue. The Committee resolves to close the matter.

b. Accounting Irregularities

i. Unacquitted Payments – K6,100

The Controlling Officer submitted that the amount in question was paid to former Chief Retainer, Peter Mwela of National Registration Card No. 288305/24/1, for his leave and

terminal benefits. The Committee was informed that the former Chief Retainer had since acknowledged receipt of the cheque.

The Controlling Officer submitted that the Director of Finance had been directed to adhere to the Financial Regulations which stipulated that any document which was acquitted, certified and approved by a responsible officer shall form part of cash sale receipts.

Committee's Observations and Recommendations

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

ii) Unretired Accountable Imprest – K264,292

The Controlling Officer submitted that the Ministry carried out disciplinary hearings for the erring officers in accordance with the Terms and Conditions of Service for the Public Service. All the seven members of staff involved in the case had since been dismissed and recommendations had been made to recover the money from their pension terminal benefits.

The Committee was informed that the Casualty Forms had since been prepared and submitted to the Ministry of Finance for circulation and onward transmission to the relevant pension authority through Public Service Management Division for recoveries to be effected.

The Controlling Officer also submitted that the Treasury was informed of this loss in accordance with the *Public Finance Management Act, No. 1 of 2018*, Part II Section (j). Upon conclusion of the disciplinary process, the matter was reported to the relevant professional body through the Office of the Accountant General and the relevant security wing for possible prosecution in cases that would adduce criminal intent or action on the part of the erring officers.

Committee's Observations and Recommendations

The Committee notes the response on the matter and urges the Controlling Officer to ensure that funds are recovered in full without fail. The Committee will await a progress report on the matter.

iii Missing Payment Vouchers – K12,800

The Controlling Officer submitted that the payment voucher was raised without management's authority and could therefore not be traced at the time of the audit.

The Committee was informed that the Ministry held a disciplinary hearing for the erring officer in accordance with the Terms and Conditions of Service for the Public Service. The officer involved in the case had since been dismissed and the money would be recovered from his calculated terminal benefits at the Ministry.

The Controlling Officer also submitted that the Treasury was informed of the loss in accordance with the *Public Finance Management Act No. 1 of 2018*, Part II Section (j). The matter had also been reported to the relevant professional body through the Office of the Accountant General and the relevant security wing.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to put measures in place to enhance records management in the Ministry. The Committee urges that funds involved must be recovered in full without fail. The Committee will await a progress report on the matter.

c Failure to Remit NAPSA Contributions – Chiefs' Retainers' Wages- K1,847,850

The Controlling Officer submitted that the retainers were initially employed by the native authorities and were later absorbed by the district councils.

The Committee was informed that the Ministry disbursed both the employers and the employees' contributions to the councils for onward remittance to NAPSA. However, most councils had not been remitting the contributions, hence the large amount of penalties. The Committee was also informed that this situation was compounded by delayed release of funds by the Treasury and hence the councils were unable to meet the deadline when the penalties were automatically charged by NAPSA. The Committee was further informed that the accumulated penalties for the cited councils as at 31st August, 2020 was K2,002,301.

The Committee was also informed that the Ministry of Finance did not release funds for wages for the months of December, 2016, December, 2017, December, 2018 and February and December, 2019, resulting in five months of unpaid wages. The unfunded wages also contributed to the accumulated arrears and NAPSA penalties arising from non payment of NAPSA contributions.

The Controlling Officer also submitted that the Ministry wrote to the erring councils to remit the funds to NAPSA by Monday, 16th November, 2020, for the funds which had been disbursed to them, failure to which they would be charged with financial misconduct in line with the *Public Finance Management Act No. 1 of 2018*, Section 49 (1) and Section 50 (1).

The Controlling Officer also submitted that the parent Ministry of Local Government was copied on this matter. The Committee was informed that the Ministry also engaged the Ministry of Labour and Social Security on the issue of penalties charged by NAPSA and received guidance on the way forward.

The Controlling Officer further submitted that the Ministry had also piloted paying of retainers' wages through the Treasury Single Account, centrally, from the Ministry headquarters. To this effect, 363 out of 624 Retainers had been introduced on the Integrated Financial Management Information System (IFMIS) from five provinces namely; Muchinga, Northern, Luapula, Central and Western Provinces and two districts namely; Lundazi and Kalomo. The Committee was informed that this had helped in resolving the non-payment of wages to the retainers. This did not, however, address the issue of penalties because of late release of funds from the Treasury.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to re-engage the affected councils and ensure that payments are effected to NAPSA without any further delay. The Controlling Officer was also directed to institute disciplinary measures against the officers responsible for the non remittance of NAPSA contributions after the Councils received the requisite funding from the Treasury, resulting in wasteful expenditure through the penalties that were charged by NAPSA. The Committee will await a progress report on the matter.

MINISTRY OF MINES AND MINERALS DEVELOPMENT

AUDIT QUERY	:	PARAGRAPH 14
DEPARTMENT	:	Various
UNIT	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

19. An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the period under review revealed the following to which the Controlling Officer responded as set out below.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December, 2019, a provision of K39,323,927 was made to cater for the operations of the Ministry against which amounts totaling of K37,816,019 were released, resulting in an underfunding of K1,507,907.66. As at 31st December 2019, amounts totaling K37,712,135 had been spent.

The Controlling Officer submitted that the Ministry was underfunded by K1,507,907.66, which resulted in the Ministry's failure to undertake some of the programmes in the year under review.

However, the unspent funds amounting to K103,884 were part of the funding which was received during the rainy season to undertake exploration activities. These activities could not be undertaken because of the rains.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to be coming up with realistic annual estimates of revenue for the Ministry.

c. Operational Matters

i. Failure to collect fines from Mining Companies - K835,000

The Controlling Officer submitted that the total amount the Ministry fined the companies was K1,170,000. The Committee was informed that the Ministry agreed on a payment plan per individual company fined and had since collected K335,000, leaving a balance of K835,000 yet to be collected.

The Controlling Officer submitted that the exercise of debt collection had also been negatively impacted by the COVID-19 pandemic. The Committee was informed that the Ministry had put a condition to only issue future export permits after they honoured their commitments.

Committee's Observations and Recommendations

The Committee expresses displeasure that the Controlling Officer was referring to COVID-19 pandemic as a reason for failure to collect fines. The Committee urges the Controlling Officer to maximise the use of electronic platforms available to collect all the funds. The Committee will await a progress report on the matter.

ii. Low staffing levels – Regional Bureaux

The Controlling Officer submitted that the main reason for not filling the positions was that Treasury Authority had not been granted. The Committee was informed that Treasury Authority had since been granted to recruit. The Controlling Officer also submitted that the Ministry had recruited fifty-four personnel to take up the unfilled positions in the Ministry, including the thirty six positions in the bureaux.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and also urges him to avail supporting documents to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

c. Management of Assets

i. Failure to claim insurance – K296,489

The Controlling Officer submitted that through a debt swap, the Ministry had managed to pay K181,234.18 leaving a balance of K115,524.90 which had been submitted as outstanding bills to be settled centrally by Ministry of Finance, as per current practice of dismantling arrears.

With regard to the two motor vehicles which were involved in the road traffic accident and whose insurance was not claimed, the Controlling Officer submitted as set out below.

1. GRZ 720 BX was not damaged, therefore, there was no need to claim insurance. The third party vehicle was the one that was damaged and the Ministry's driver was in the wrong. All procedures of reporting a vehicle accident to the Police were followed, but the owner of the private vehicle which was damaged never followed up to have his car repaired by the Ministry's insurance cover. To date, the Ministry had not been approached by the owner of the damaged vehicle for compensation.
2. Whereas, for the Ford Ranger GRZ 977 CB, the vehicle was still with Veepee Motors. The vehicle could not be repaired sooner due to the premium payment owing at the time. Following the debt swap by Ministry of Finance to settle insurance arrears on behalf of line ministries, Zambia State Insurance Corporation (ZISC) had been engaged to have the vehicle repaired. The process of issuing a repair order by ZISC was under way.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to follow up on the repair order for Ford Ranger GRZ 977 CB, with ZISC. The Committee will await a progress report on the matter.

ii. Failure to insure office equipment, fixtures and fittings

The Controlling Officer submitted that there was no policy in place to guide the line ministries on how to proceed on insurance of office equipment, fixtures and fittings.

The Controlling Officer also submitted that the Ministry had engaged ZISC to ascertain the values of the Ministry's office equipment, fixtures and fittings as they waited for policy guidance on the matter.

Committee's Observations and Recommendations

The Committee expresses displeasure at the response from the Controlling Officer. The Committee notes that the Auditor General highlighted specific pieces of office furniture,

fixtures and equipment, which the Controlling Officer should address. In this regard, the Committee urges the Controlling Officer to ensure that the 417 pieces of furniture and equipment highlighted in the Report are insured without any further delay. The Committee will await a progress report on the matter.

MINISTRY OF HOME AFFAIRS

AUDIT QUERY	:	PARAGRAPH 15
DEPARTMENTS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

20. An examination of accounting and other records maintained at the Ministry headquarters and selected districts for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget – K179,318,040; Funding – K122,068,772; and Expenditure – K83,899,282

The Controlling Officer informed the Committee that the Ministry of Home Affairs made several funding requests to the Treasury during the financial year under review. However, the Treasury was not able to fund the budget in full and the Ministry was underfunded by K57,249,268. The matter had been brought to the attention of the Treasury and the Ministry had appealed to be fully funded in 2020 so that the planned activities could be undertaken. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes that the issue of underfunding affects planned activities negatively in that a number of them cannot be completed as scheduled. The Committee urges the Secretary to the Treasury to take the matter of underfunding of the Ministry of Home Affairs seriously and to ensure that essential services provided by the Ministry are not disrupted due to inadequate funding. The Committee closes the matter.

b. Procurement of Goods – Failure to Deliver Paid for Uniforms

The Controlling Officer informed the Committee that the supplier delivered the balance of 186 uniforms. The auditors were invited to re-verify and the matter was resolved as per the status report which was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and closes the matter.

c. Infrastructure Development

- i. Delayed Completion – Construction of the District Immigration Office – Mwandia**
- ii. Delayed Completion – Construction of the Department of National Registration, Passport and Citizenship Office – Senanga**

The Controlling Officer informed the Committee that the delay in the completion of the two projects was as a result of the non-payment of pending Interim Payment Certificates (IPCs). The Ministry had not been able to pay the IPCs because the Treasury had not released the funds despite several requests to the Treasury for funding. The completion date of the projects had been extended to 15th September, 2021 and 25th September, 2021, respectively. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee calls upon the Secretary to the Treasury to release the funding for the completion of the two projects. The Committee resolves to await a progress report on the matter.

d. Management of Assets**i. Failure to Avail Report on Public Assets and Stores**

The Controlling Officer informed the Committee that the report on public assets and stores was availed to the Treasury and the auditors were invited to re-verify. The matter was resolved as per the status report. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and closes the matter.

ii. Failure to Secure Title Deeds

The Controlling Officer informed the Committee that there was a lapse on the part of the Ministry to initiate the process of acquiring title deeds. However, the Ministry was in the process of compiling a list of all properties under the Controlling Officer's charge so that the process of acquiring title deeds with the Ministry of Lands and Natural Resources could commence. Once the cost implication of titling was established, the Ministry would engage the Treasury for budget and funding arrangements to support the process. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee directs the Controlling Officer to ensure that the title deeds for all land and buildings under the charge of the Ministry are secured without fail. Furthermore, the Ministry should include an estimate in its future budgets for the funds required to support the process of securing the title deeds. The Committee resolves to await a progress report on the matter.

iii. Wasteful Expenditure – Storage Charges

The Controlling Officer informed the Committee that there was negligence on the part of the Ministry in keeping the vehicles in the garage for three years on the assumption that they were going to be repaired. In 2018 the Ministry embarked on a boarding exercise that included the five motor vehicles as they were old models.

The Controlling Officer also informed the Committee that it could not charge anyone for negligence as the officers responsible for the lapse had since retired from service. The Ministry had since issued an internal memorandum to all departments instructing them to stop leaving vehicles in garages for more than seven days. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification subject to which the matter should be closed.

MINISTRY OF HOME AFFAIRS – ZAMBIA CORRECTIONAL SERVICE

AUDIT QUERY : **PARAGRAPH 16**
PROGRAMMES : Various
ACTIVITIES : Various

Audit Findings

21. An examination of accounting and other records maintained at the Zambia Correctional Service headquarters and selected stations revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget – K61,954,611; Funding - K41,113,148

The Controlling Officer informed the Committee that the Ministry of Home Affairs made several funding requests to the Treasury during the financial year under review for it to be funded in full but was unsuccessful. The matter of underfunding had been brought to the attention of the Treasury.

Committee’s Observations and Recommendations

The Committee reiterates the need for the Secretary to the Treasury to take the matter of underfunding seriously, and to ensure that the services provided by the Zambia Correctional Service are not disrupted due to lack of funding. The Committee further emphasises the need for the Secretary to the Treasury to ensure that the funds appropriated by Parliament for the operations of the Ministry of Home Affairs and the Zambia Correctional Service in particular are released in full in each financial year. The Committee resolves to close the matter.

b. Accounting Irregularities

i. Unauthorised Transfer of Funds – Headquarters

The Controlling Officer informed the Committee that the unauthorised transfer of funds was as a result of negligence by the officer who effected the transfer of funds without prior authority from the Secretary to the Treasury. The officer had since been charged for failure to comply with Section 32 (5) of the *Public Finance Management Act, No.1 of 2018*.

The Controlling Officer also submitted that the Office of the Commissioner General was committed to adhering to the provisions of the *Public Finance Management Act, No. 1 of 2018*. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

The Committee contends that the unauthorised transfer of funds highlights the weakness in the financial controls in place at the institution. The Committee finds this unacceptable as the Financial Regulations are clear on the need to obtain prior authority from the Secretary to the Treasury before varying funds. The Committee notes that disciplinary action has been instituted against the officer who failed to get approval to vary funds. However, the Committee urges the Controlling Officer to institute measures to ensure that the query does not recur and the funds are reimbursed without fail. The Committee will await a progress report on the matter.

ii. Variances Between Inmates' Dietary Scale and Rations Ledger – Lusaka Central Correctional Facility

The Controlling Officer informed the Committee that the increased quantities issued to inmates were based on the doctor's recommendation that in-mates with medical conditions required an upscale in dietary needs, thereby causing the variation. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification subject to which the matter should be closed.

iii. Non – Remittance of Pay as You Earn – Central Region - K15, 452

The Controlling Officer informed the Committee that the non-remittance of the Pay As You Earn, contrary to the *Income Tax Act, Chapter 323 of the Laws of Zambia*, was due to negligence on the part of the officers. The erring accounting officers had therefore, been charged in accordance with Section 52(2) (a) of the *Public Finance Management Act, No. 1 of 2018*. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to ensure that the outstanding PAYE is remitted to ZRA without fail. The Controlling Officer should further ensure that the Ministry complies with the law henceforth, and that there is timely remittance of tax to ZRA. The Committee resolves to await a progress report on the matter.

iv. Failure to Claim Compensation – North-Western Region

The Controlling Officer informed the Committee that the failure to lodge a claim for compensation for the vehicle involved in an accident was as a result of negligence on the part of the Officer-in-Charge. The Officer-in-Charge had since been charged for failure to comply with the provisions of the *Public Finance Management Act, No. 1 of 2018*.

Committee's Observations and Recommendations

The Committee is of the view that the failure to lodge a claim for compensation for the vehicle is a serious omission. However, the Committee notes that the responsible officer has been charged and, therefore, resolves to await a progress report on the matter.

MINISTRY OF HOME AFFAIRS – ZAMBIA CORRECTIONAL SERVICE

AUDIT QUERY	:	PARAGRAPH 17
PROGRAMMES	:	Various
ACTIVITIES	:	001 Animal Husbandry and Management 005 Industrial Workshop

Audit Findings

22. An examination of accounting and other records maintained at the Zambia Correctional Service for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget - K120,000; Funding – none; and Expenditure - K9,950,493

The Controlling Officer informed the Committee that the Ministry of Home Affairs made several funding requests to the Treasury during the financial year. However, the Treasury was not able to fund the budget in full and the matter had been brought to the attention of the Treasury. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is seriously concerned that no releases were made by the Treasury to cater for the operations of the Prisons Industries Revolving Fund Account (PIRF) which is a revenue generation venture and also contributes to the feeding of inmates. The Committee calls upon the Secretary to the Treasury to ensure that funds meant for the operations of PIRF are released without fail, henceforth. The Committee resolves to close the matter.

b. Accounting Irregularities

i. Failure to Remit Funds to the Prisons Industries Revolving Fund Account

The Controlling Officer informed the Committee that the Standing Orders that governed the operations of PIRF were not aligned with the realities on the ground. If the correctional facilities remitted the revenues they were collecting to the PIRF account at the Zambia Correctional Services headquarters, their commercial activities would grind to a halt. As a result, the facilities maintained local PIRF accounts that facilitated their day to day activities under the Fund. However, the Commissioner General authorised all commitments and expenditures as a control measure.

The Controlling Officer further informed the Committee that whilst there had been reforms of the public financial management guidelines, the Standing Orders governing PIRF had remained the same since their development in 1973. As a consequence, these guidelines were old and did not speak to the realities on the ground.

The Zambia Correctional Service, through the Controlling Officer, had therefore, requested the Secretary to the Treasury for a revision of the PIRF guidelines and Standing Orders and the process was yet to be finalised by the Treasury. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that the cited correctional facilities seek the authority of the Commissioner General at all times before incurring any expenditure from the PIRF account. Further, in order to deter other correctional facilities from flouting the Zambia Prison Service Standing Orders, the Committee directs the Controlling Officer to institute disciplinary action against the officers who failed to get approval to expend funds from the PIRF account, contrary to the Standing Orders. The Committee resolves to await a progress report on the matter.

ii. Failure to Collect Revenue for Credit Sales

The Controlling Officer informed the Committee that the uncollected credit sales was due to inadequate funding by the Treasury to the Zambia Correctional Service headquarters which was the main debtor. The Mwinilunga correctional facility had been paid an amount of K53, 000, leaving a balance of K18, 185 which could not be paid on time because of inadequate funding to the Zambia Correctional Service.

Committee's Observations and Recommendations

The Committee directs the Controlling Officer to ensure that the Zambia Correctional Service headquarters settles the debt without undue delay. The Committee resolves to await a progress report on the matter.

iii. Use of Revenue at Source – Milima and Kamwala Remand Correctional Facilities

The Controlling Officer informed the Committee that the officers failed to adhere to the provisions of PIRF and Standing Orders, thereby causing the query. The Officers-in-Charge of the cited stations had been charged for failure to follow procedures and regulations. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee observes that the Ministry has instituted disciplinary action against the officers responsible for the lapse. The Committee urges the Controlling Officer to ensure that the officers adhere to the Section 28 (3) of the *Public Finance Management Act, No. 1 of 2018* on the need to deposit public monies received. The Committee however, resolves to close the matter subject to audit verification.

iv. Delayed Banking

The Controlling Officer informed the Committee that the Officers-in-Charge had failed to adhere to the provisions of the Financial Regulations, thereby causing the query. The Officers-in-Charge of the cited stations had been charged for failing to follow procedures and regulations. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken and resolves to close the matter subject to presentation of the supporting documents to the Office of the Auditor General for verification.

v. Lack of Safe Facilities

The Controlling Officer informed the Committee that the lack of safes at the correctional facilities was as a result of a failure by the Office of the Accountant General to provide the safes. The Commissioner General, through the Controlling Officer, had written to the Office of the Accountant General requesting for safe facilities for the cited stations.

Committee's Observations and Recommendations

The Committee observes that the Ministry only acted following an audit and, therefore, directs the Controlling Officer to institute disciplinary action against the officers who failed to request for the safes prior to the audit. The Committee further directs the Office of the Accountant General to ensure that safes are provided. The Committee resolves to await a progress report on the matter.

vi. Unretired Accountable Imprest

The Controlling Officer informed the Committee that the query was as a result of the failure by the officers to adhere to the provisions of the *Public Finance Management Act, No.1 of 2018*. The Ministry had initiated recoveries of all unretired imprest and modalities had been put in place to ensure that any officer with unretired imprest would not be allowed to draw subsequent imprest.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to retire imprest and ensure that the funds are retired without undue delay. The Committee resolves to await a progress report on the matter.

vii. Irregular Use of Imprest

The Controlling Officer informed the Committee that the query was as a result of the failure by the officers to adhere to the provisions of the Financial Regulations. As a deterrent measure, the Officers-in-Charge had been formally charged for failing to adhere to the provisions of the Financial Regulations.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that the query does not recur by putting measures in place to ensure that Financial Regulation No. 86 (c) is adhered to without fail. The Committee resolves to await a progress report on the matter.

viii. Failure to Avail Activity Reports

The Controlling Officer informed the Committee that the officers responsible failed to adhere to the provisions which required officers to acquit allowances paid for activities by submitting activity reports. As a deterrent measure, the amounts of allowances for which activity reports were not availed were being recovered from the payroll. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to avail activity reports to auditors at the time of audit. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

ix. Failure to Follow Procurement Procedures - Irregular Approval of Payments above Threshold

The Controlling Officer informed the Committee that the irregularity arose as a result of failure by the officer to adhere to the provisions of the *Zambia Public Procurement Act, No. 12 of 2008*. As a deterrent measure, the Officer-in-Charge had been formally charged for failure to adhere to the provisions of the *Zambia Public Procurement Act, No. 12 of 2008*. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification subject to which the matter should be closed.

x. Management of Assets

• Failure to Insure Animals

The Controlling Officer informed the Committee that there had been a lapse on the part of the Zambia Correctional Service in having the animals insured. Further, the Prison Industry Revolving Fund did not generate enough revenue to cater for the insurance of the animals. Additionally, the facilities were not keeping the animals for commercial purposes but to

supplement the dietary requirements of inmates. The Controlling Officer submitted that the animals could be insured if the Treasury provided additional funds to the Zambia Correctional Service. Therefore, the Zambia Correctional Service was appealing to the Treasury to ensure that future budget ceilings should include a provision for insurance of animals in its facilities. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the animals are insured without fail. The Committee resolves to await a progress report on the matter.

xi. Failure to Tag and Brand Cattle-Luapula

The Controlling Officer informed the Committee that the animals that were not tagged were newly born animals therefore, not at the appropriate age for tagging. The animals cited had been tagged and marked with distinct numbers, awaiting physical verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs that relevant evidence be submitted to the Auditor General for verification, subsequent to which the matter should close.

xii. Lack of Title Deeds and Insurance Covers

The Controlling Officer informed the Committee that there was a lapse on the part of the Ministry in initiating the process of acquiring title deeds.

The Controlling Officer submitted that the Ministry was in the process of compiling a list of properties requiring the acquisition of title deeds. Additionally, the process of acquiring title deeds would require special funding, therefore, the Ministry was in the process of engaging the Treasury for funds. Once the properties had been placed on title the process of insurance would be initiated. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

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

Committee's General Observations and Recommendations

The Committee observes that there are three audit queries under the Ministry of Home Affairs specifically relating to the many properties under the charge of the Ministry whose title deeds have not been secured. The Committee contends that this is unacceptable as it is contrary to Section 41(4) of the *Public Finance Management Act, No. 1 of 2018*. The Committee directs the Controlling Officer to prioritise this issue and ensure that the process of securing title deeds is expedited. The Committee also implores the Secretary to the Treasury to take keen interest in the matter and ensure that title deeds are secured without fail and the matter is closed permanently. The Committee will await a progress report on the matter.

MINISTRY OF FOREIGN AFFAIRS

AUDIT QUERY : **PARAGRAPH 18**
PROGRAMMES : Various
ACTIVITIES : Various

Audit Findings

23. An examination of accounting and other records maintained at the Ministry of Home Affairs Headquarters and selected Districts for the period under review revealed the following to which the Controlling Officer responded as set out below.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December, 2019, a provision of K1,366,680,247 was made to cater for operations of the Ministry, against which amounts totaling K934,076,604 were released, resulting in an under funding of K432,603,643.

In addition, a revenue provision of K17,100,210 was made, against which amounts totaling K22,563,838 were collected.

As at 31st December, 2019, amounts totaling K779, 409,917 had been spent.

• Underfunding

With regard to the underfunding, the Controlling Officer submitted that the Ministry of Finance funded according to the available funds in the financial year under review. The Committee was informed that due to financial constraints, the Treasury was not able to fund the budget in full.

The Controlling Officer submitted that, going forward, the Ministry would be engaging the Ministry of Finance to ensure that the budgeted amounts were fully funded for full implementation of planned activities.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to be coming up with realistic annual estimates of revenue for the Ministry. The Committee resolves to close the matter.

• Over collection of Revenue

The Controlling Officer submitted that the revenue budget provision for the year under review was K17,100,210 against the collection of K22,563,837.57, giving an over collection of K5,463,627.57 which was as a result of the increased demand for passports and visas attributed to tourism promotion activities.

The Committee was informed that the revenue projections were done in Kwacha while the revenue was collected by the Missions Abroad in Dollar. Therefore, if the Dollar rate against the Kwacha went up, it implied that the revenue collected would also increase.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to be coming up with realistic annual estimates of revenue. The Committee resolves to close the matter.

b. Staff Related Matters - Failure to Redeploy Recalled and Appointed Diplomats-K341,318

The Controlling Officer submitted that the Ministry wrote to Public Service Management Division (PSMD) to redeploy the three recalled diplomats into the Civil Service mainstream where there could be vacancies.

The Committee was informed that out of the three officers cited as not yet redeployed, two had since been redeployed, remaining with one who was being considered by the PSMD.

The Controlling Officer further submitted that the Ministry had budgeted for the transportation of all recalled and appointed diplomats. However, at the time of travel, most officers could not undertake trips to and from their respective countries due to the COVID-19 restrictions.

Committee's Observations and Recommendations

The Committee observes with concern that recalled diplomats have continued to receiving salaries without rendering a service to the Government due to delayed redeployment. The Committee, therefore, urges the Controlling Officer to actively pursue the expeditious redeployment of the one remaining officer. The Committee will await a progress report on the matter.

c. Infrastructure Development

i. Construction of the Conference Hall - Increase in Contract Price-K4,987,785

The Controlling Officer submitted that on 31st January, 2020, the contractor (China Civil Engineering Construction Corporation) wrote a letter to the Ministry of Foreign Affairs requesting for the following;

- a. the extension of the completion period for the project to September, 2020; the adjustment of the contract sum from K3,778,624.69 VAT inclusive to K4,987,784.59, due to the loss of value of the Kwacha against the United States Dollar. Furthermore, on 6th February, 2020 the Ministry wrote a letter to the Ministry of Housing and Infrastructure Development, forwarding the request by the contractor. On 27th February, 2020, the Ministry of Housing and Infrastructure Development wrote a letter to the Ministry of Foreign Affairs and advised that:

"The request by the contractor constituted amending the contract and could only be authorised by the Attorney General and the appropriate approval authority in accordance with clause 58 (l) of the *Public*

Procurement Act, No.12 of 2008, which required that all amendments to a contract shall require prior authorisation of the appropriate approvals authority by the Attorney General".

However, On 24th March, 2020, the Ministry's Procurement Committee granted authority to direct bid China Civil Engineering Construction Corporation as the previous contract expired and to adjust the contract sum from K3,778,624. VAT inclusive to K4,987,784.59 VAT inclusive due to the loss of value of the Kwacha against the United States Dollar. On 5th May, 2020 the new contract was approved by the Attorney General. On 23rd June 2020, a notification letter was issued to China Civil Engineering Construction Corporation (Zambia) Limited for them to sign the new contract.

However, on 19th August 2020, China Civil Engineering Construction Corporation (Zambia) Limited indicated that the exchange rate had changed from October 2019 when they made a request to revise the original contract sum from K3,778,624.69 VAT inclusive to K4,987,784.59. China Civil Engineering Construction Corporation (Zambia) Limited indicated that they were willing to sign the contract as long as the Ministry of Foreign Affairs considered paying 80 per cent in advance as follows:

- i. 30 per cent for advance payment; and
- ii. 50 per cent for bulk material procurement, mainly because the construction period was short, and the steel structure needed to be purchased in advance.

On 25th August 2020, the Ministry of Foreign Affairs wrote a letter to the Attorney General for guidance on the demands of the contractor on the 80 per cent advance payment.

On 14th September 2020, the Attorney General rejected the request by the contractor because the law on advance payment in Regulation 140(3) of the Public Procurement Regulations of 2011 clearly stipulated that the total amount of an advance payment shall not exceed 25 per cent of the total contract price.

On 16th September 2020, a letter was written to China Civil Engineering Construction Corporation (Zambia) Limited, informing them that the request to pay 80 per cent was rejected and requesting them to sign the new contract.

The Committee was informed that the Ministry was still waiting for the response from the contractor on this matter.

Committee's Observations and Recommendations

The Committee expresses extreme disappointment that a project which was to be implemented with donor funds could not be implemented urgently. The Committee also expresses concern that this undue delay has a potential to undermine donor confidence in the country. Therefore, the Committee urges the Controlling Officer to ensure that the contractor is re-engaged and have the project implemented without delay. The Committee will await a progress report on the matter.

- **Misapplication of funds**

The Controlling Officer submitted that in the first quarter of 2018, the Ministry did not receive its funding for urgent and important national assignments. In this regard, the Ministry

had to utilise some funds as stated in the Auditor General's Report, with the view of reimbursing as soon as the funding was received.

The Committee was, however, informed that the Ministry sought authority to reimburse the used funds from the Secretary to Treasury and authority was granted. The Committee was further informed that the funds had since been reimbursed and supporting documents were available for verification.

Committee's Observations and Recommendations

The Committee expresses concern that donor funds were used on other activities and without express authority from the Secretary to the Treasury. The Committee contends that this has a potential to undermine the donor confidence in the country. The Committee, therefore, urges the Secretary to the Treasury to take necessary disciplinary action against the Controlling Officer for authorising the transfer of donor funds to unrelated activities. The Committee will await a progress report on the matter.

ii. Purchase of Properties in Missions Abroad – Mortgage Finance Lease- K199,000,000

□ Unappropriated and Subsequent Delayed Disbursement of Funds Delayed Commencement of Projects

The Controlling Officer submitted that the cited delay was to allow for the facilitation of the procurement procedures enshrined in the *Public Procurement Act, No. 12 of 2008* and Public Procurement Regulations. In some instances, the process had to be annulled to allow for fresh processes to start, like in the case of Harare, Maputo, Windhoek and New Delhi.

The Committee was further informed that works at some Missions, such as Brussels, Geneva and Paris, had been completed.

The other works which were almost completed were the residence in New York and the Chancery in Abuja.

The Committee was also informed that works had commenced in Maputo, Harare and Windhoek. While the procurement processes had just been finalised in New Delhi, Addis Ababa and Washington.

Committee's Observations and Recommendations

The Committee expresses displeasure at the inordinate delay in the construction, rehabilitation and procurement of properties in various Zambian Missions Abroad. The Committee is particularly unhappy that, for a long time, the state of infrastructure in Missions Abroad has been very poor. It is, therefore, surprising that the implementation of the projects has been delayed, when a mortgage financing facility has been secured for that purpose. In this regard, the Committee urges the Controlling Officer to ensure that robust mechanisms are put in place to ensure full implementation of all the infrastructure projects as planned. The Committee will await a progress report on the matter.

- **Interest on Mortgage Funds**

As regards no interest earned on the funds held by the Missions Abroad, the Committee was informed that the Missions Abroad were maintaining current accounts, which did not earn interest.

Furthermore, the Committee was also informed that the cited funds could not be put in an interest earning account as per guidance from Article 42 of the Vienna Convention on Diplomatic Relations of 1961, which stated that "*A Diplomatic Agent shall not in the receiving State practice for personal profit and professional or commercial activity.*"

In this regard, a diplomatic mission could not engage in any business/commercial activity to generate profit.

Furthermore, in the case of the Mission in New Delhi, the Government of India forbade any diplomatic missions to open any bank account that attracted interest.

The Controlling Officer submitted that there has been no precedent set on the earning of interest on funds sent to Missions Abroad.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all funds meant for the construction, rehabilitation and procurement of properties being held in accounts of Missions Abroad are expended without delay. The Committee will await a progress report on the matter.

Contracts Above Disbursed Amounts – Over Commitment - US\$1,098,426.26

The Controlling Officer submitted that the estimates were not prepared on the basis of the available funds but on the basis of the Bill of Quantities.

Committee's Observations and Recommendations

The Committee expresses displeasure at the move by the Ministry of Foreign Affairs to enter in to contracts without regard to the available funds. The Committee notes that this laissez faire attitude adopted by the Controlling Officer on the matter, leads to undue pressure on the limited public resources, as is move amounts to committing the Government to debt. In this regard, the Committee urges the Secretary to the Treasury to institute disciplinary action against the Controlling Officer for this lapse. The Committee also urges the Controlling Officer to put measures in place that will enhance contract management in the Ministry of Foreign Affairs. The Committee further urges the Controlling Officer to submit all the information on this matter, to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

d. Accounting Irregularities – Unsupported Payments- K60,669

The Controlling Officer submitted the queried unsupported payments totaling K60,669, were broken down as follows:

- **Ministry of Foreign Affairs - HQ**

The K15,000 was an amount paid to Zamtel for telephone bills which did not provide an acknowledgement with a receipt number quoted. However, the

Committee was informed that the acknowledgement letter with the receipt numbers according to the landline telephone numbers had since been provided.

- **Zambia Institute of Diplomacy and International Studies - ZIDIS**

As regards the K45,669 involving stores records, all the supporting documents had been located and were available.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to submit all supporting documentation to the Office of the Auditor General for verification, subject to which the matter should close.

e. London Mission

i. Outstanding Bills Not Settled by Re-called Diplomat- K80,164.96

The Controlling Officer submitted that the recovery for the outstanding bill of K80,164.96, equivalent to £4,134.77, in respect of the former High Commissioner had been computed on the Casualty Notification Form and had since been recovered by the Ministry of Finance as requested by the recalled diplomat.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to submit supporting documentation to the Office of the Auditor General for verification, subject to which the matter should close.

ii. Management of Mission Properties

The Controlling Officer submitted that the Zambian Mission in London undertook the procurement process in 2018 to repair the roof to the Chancery in London, United Kingdom (UK). However, the process was not successful as no contractor responded to the invitation to bid. The Committee was informed that the contractors cited various reasons such as complexity of the tender document and materials described in the document not conforming to the UK standards, among other things.

The Committee was also informed that in December 2019, the Mission engaged Resolution Property Surveyors to carry out the assessment of the roof works. Resolution Property Surveyors issued a report and schedule of works.

The Controlling Officer also submitted that in September 2020, the Mission requested the Ministerial Procurement Committee for a waiver from open bidding to limited bidding and approval of a short list of bidders for the procurement of repair works on the roof to the Chancery. The Mission sent out the bid document to the six shortlisted bidders listed below.

- (1) Solutions for Interiors Limited;
- (2) London Roof Specialists Limited;
- (3) Infactum Limited;
- (4) Shin Woo UK Limited;
- (5) GWS Roofing & Loft Specialists Limited; and
- (6) Vision Construct.

However, at the time of tender closing, only one contractor (Solutions for Interiors Limited) responded. On 26th October, 2020, the Mission wrote to the Ministry of Foreign Affairs requesting for a "No objection" to engage Solution for Interiors Limited to repair the roof to the Chancery at a tender sum of £42,610. Further, on 3rd November, 2020, the Ministry of Foreign Affairs requested for a "No Objection" from the Ministry of Works and Supply.

The Ministry was currently waiting for the response from the Ministry of Works and Supply before the issue could be considered by the Ministerial Procurement Committee.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to follow up the request with the Ministry of Works and Supply and have it tabled before the Ministerial Procurement Committee so that the properties in question can be rehabilitated without delay. The Committee will await a progress report on the matter.

f. Zambia Institute of Diplomacy and International Studies (ZIDIS)- non - Remittances of Taxes- K31,349.47

The Controlling Officer submitted that at the time of audit, the institution had a challenge in remitting PAYE to ZRA as the window for payment was already closed for the quarter under review. However, the Committee was informed that the amount of K31,349.47 cited as unremitted tax had since been remitted to ZRA.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to submit supporting documents to the Office of the Auditor General for verification, subject to which the matter should close.

OFFICE OF VICE PRESIDENT – DISASTER MANAGEMENT AND MITIGATION (DMMU)

AUDIT QUERY	:	PARAGRAPH 19
DEPARTMENTS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

24. An examination of accounting and other records maintained at the Unit's Headquarters for the period under review revealed the following to which the Controlling Officer responded as set out below.

a. Budget against Funding

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December, 2019, a provision of K27,872,298 was made to cater for the operations of the Unit, against which amounts totaling K26,430,694 were released, resulting in an under funding of K1,441,615. As at 31st December, 2019, amounts totaling K26,430,683 had been spent.

In view of the foregoing, the Controlling Officer submitted that the Auditor's findings were correct.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to be coming up with realistic annual estimates of revenue.

b. Operational Matters – Failure to Operationalise National Disaster Relief Trust Fund

The Controlling Officer submitted that the delay in operationalising the National Disaster Relief Trust Fund was deeply regretted. However, the Controlling Officer submitted the following:

- i. a control account at Bank of Zambia was opened;
- ii. an operational account at Zambia National Commercial Bank (ZANACO) was also opened; and
- iii. the governance framework of the Fund was developed by the Unit and approved by the Council of Ministers and Cabinet in July, 2019.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the National Disaster Relief Trust Fund is operationalised without any further delay. The Committee will await a progress report on the matter.

c. Procurement of Goods and Services

i. Contract with Delicious Milling Limited- K39,200,000

• Failure to Follow Tender Procedures

The Controlling Officer submitted that Delicious Milling was incorporated on the basis of the provision, in the Tender Authority, to engage other millers that were willing to process relief maize on Disaster Management and Mitigation Unit (DMMU) terms. The Committee was informed that the *Disaster Management Act, No. 13 of 2010*, in Part II Section 6 (1) (b) provided for the Unit to request for services during the existence of a disaster, provided such service was needed to mitigate the impact of a disaster and the service provider had the capacity.

The Controlling Officer, further submitted that the officer responsible had misplaced and thus did not avail the evaluation report to the auditors. However, the Committee was informed that the misplaced evaluation report was retrieved and the officer responsible was charged for failure to avail the documents.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail the evaluation report to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

• Undelivered Mealie Meal and Maize Bran

The Controlling Officer submitted that out of 13,129 metric tonnes that was availed to the miller, a total of 10,870 metric tonnes was processed and the produce thereof delivered to the beneficiary districts, thus confirming the outstanding balance of 2,259 metric tonnes as observed by the Auditor General.

The Controlling Officer submitted that the failure to complete deliveries arose as a result of unpaid transport charges owed to the miller, amounting to K2,563,475.80.

The Controlling Officer further submitted the following:

1. K559,272 had since been paid against the outstanding transport bill;
2. the miller had been written to in order to expedite deliveries;
3. Zambia Army and DMMU trucks had been mobilised to uplift produce from the miller and deliveries had since resumed. The Unit would ensure that deliveries were completed by end of February, 2021.

Committee's Observations and Recommendations

The Committee is saddened that the distribution of mealie meal to districts was disrupted. In this regard, the Committee urges the Controlling Officer to ensure that the miller delivers the remaining produce of 2,259 metric tonnes without delay. The Committee will await a progress report on the matter.

ii. Contract with Choma Milling Company Limited - Undelivered Maize Bran- K20,384,000

The Controlling Officer submitted that this was a consequence of halting routine maize bran deliveries, due to negative publicity that the Government was giving stock feed for human consumption. The Committee was informed that the outstanding balance of 5,370 by 25 kilogramme bags of maize bran had since been delivered.

Committee's Observations and Recommendations

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

d. Infrastructure Development – Construction of Lusaka City/Lumumba Market – Delayed Completion of the Main Market and Small Market- K49,034,732

The Controlling Officer submitted that the delayed completion of the main market and the small market was as a result of inadequate funding.

The Committee was informed that Government released a total of K31,000,000 to complete the projects and works had since resumed and were expected to be completed by the end of the first quarter of 2021.

Committee's Observations and Recommendations

The Committee finds it unfortunate that the Lusaka City Market, which was gutted by fire in 2017, still remains unattended to, three years later. The Committee, therefore, urges the Controlling Officer to ensure that project is completed and handed over to the beneficiaries without any further delay. The Committee will await a progress report on the matter.

MINISTRY OF LOCAL GOVERNMENT

AUDIT QUERY	:	PARAGRAPH 20
DEPARTMENTS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

25. An examination of accounting and other records maintained at the Ministry headquarters for the period under review revealed various irregularities, to which the Controlling Officer submitted as set out below.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2019, a provision of K1,799,457,083 was made to cater for the operations of the Ministry, against which amounts totaling K1,314,028,862 were released, resulting in an under funding of K485,428,221.

As at 31st December, 2019, amounts totaling K1,313,860,946 had been spent.

In view of the foregoing, the Controlling Officer concurred with the Auditor General that the Ministry was underfunded in the year under review. He hoped that in future fiscal years, the Ministry would be fully funded. The Committee was informed that out of K1,314,028,862 released funds, only K1,313,860,946 was actual expenditure, resulting in unspent funds amounting to K167,916, which were mopped up by the Treasury at the close of the year. The Committee was also informed that the mopped up funds were part of late released funds by, 27th December, 2019, amounting to K6,218,677.93, rendering expenditure prohibitive, due to time constraints at the close of the financial year.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to be coming up with realistic annual estimates of revenue. The Committee resolves to close the matter.

b. Infrastructure Development

i. Rehabilitation of Selected Urban Roads, 25.01km, to Bituminous Standard in Mpika District in Muchinga Province.

□ **Failure to Settle Interim Payment Certificates and Interest Charges - K36,206,046**
The Controlling Officer submitted that all outstanding Interim Payment Certificates (IPCs) were submitted to the Fund Manager for these projects, the National Road Fund Agency (NRFA), for payment as and when the IPCs were submitted by the contractor. It was regrettable that they had remained outstanding.

Committee's Observations and Recommendations

The Committee urges the National Roads Fund Agency to prioritise the offsetting of claims on all Interim Payment Certificates (IPCs) submitted by the contractor. The Committee will await a progress report on the matter.

□ **Expired Contract**

The Controlling Officer submitted that the contract had since been recommended to the Ministerial Tender Committee (MTC) for closure, by virtue of the expiry of the contract,

coupled with non-payment of Interim Payment Certificates (IPCs), which impacted on completion of the project.

Committee's Observations and Recommendations

The Committee resolves to await the outcome of the Ministerial Tender Committee (MTC) meeting on the status of the contract. The Committee will await a progress report on the matter.

☐ **Physical Inspection**

The Controlling Officer submitted that the contractor demobilised from the project site due to non-payment of outstanding Interim Payment Certificates (IPCs), submitted by the contractor.

The Controlling Officer also submitted that it was anticipated that works would commence once the fiscal space allowed for release of funds towards the project.

Committee's Observations and Recommendations

The Committee urges the National Roads Fund Agency to clear the outstanding Interim Payment Certificates (IPCs) so that the contractor remobilises on site. The Committee will await a progress report on the matter.

ii. Construction and Rehabilitation of Old Mushili Market in Ndola on the Copperbelt Province – Contract No. MLGH/W/004/2014

☐ **Failure to Pay Interim Payment Certificates- K209,328**

The Controlling Officer submitted that outstanding Interim Payment Certificates (IPCs), in amounts totaling K825,949, remained unpaid due to erratic funding. Engagements with the Ministry of Finance requesting for funds to settle the outstanding IPCs, did not yield any positive results.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to prioritise providing the requisite funding towards this project. The Committee will await a progress report on completion of the project.

☐ **Failure to Meet Contractual Obligations**

The Controlling Officer submitted that the contractor delivered an Isuzu double cab vehicle, out of the items included in the bill of quantities, as contractual obligations.

Committee's Observations and Recommendations

The Committee expresses displeasure at the failure by the contractor to meet contractual obligations. The Committee, therefore, urges the Controlling Officer to ensure that all the equipment included in the bill of quantities is delivered by the contractor, failure to which the contract must be terminated with costs to the contractor. The Committee will await a progress report on the matter.

☐ **Delayed Execution of Works**

The Controlling Officer submitted that the delay in execution of the works regarding the project was due to the longer period it took to review the designs in order to ensure all specifications were taken into consideration.

The Committee was informed that the Ministry had considered undertaking the remaining works using Ndola City Council, following the expiration and closure of the contract.

Committee's Observations and Recommendations

The Committee finds it unacceptable that the project has remained uncompleted since March, 2017. In this regard, the Committee urges the Controlling Officer to compel the Ndola City Council to urgently take up the implementation of the project, following the closure of the contract. The Committee will await a progress report on the matter.

- **Physical Inspection of works**

The Controlling Officer submitted that the Ministry had since closed the contract by virtue of its expiration, coupled with non-payment of Interim Payment Certificates (IPCs), which impacted on the completion of the project.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the remaining works are undertaken by the Ndola City Council. The Committee will await a progress report on the matter.

MINISTRY OF COMMUNITY DEVELOPMENT AND SOCIAL SERVICES

AUDIT QUERY	:	PARAGRAPH 21
DEPARTMENTS	:	Various
PROGRAMME	:	Various
ACTIVITIES	:	Various

Audit Findings

26. An examination of accounting and other records maintained at the Ministry headquarters and selected stations for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget- K1,191,867,153; Funding - K413,599,050; and Expenditure - K408,952,925

Committee's Observations and Recommendations

The Committee notes that the Ministry has not commented on this query relating to budget, funding and expenditure. The Committee further notes that the Ministry was underfunded by K778,268,103. The issue of underfunding is of great concern to the Committee and it therefore urges the Secretary to the Treasury to urgently address the matter and ensure that the releases to the Ministry are in line with the budget provision approved by Parliament. This will allow for the implementation of major approved programmes and activities in a particular financial year. The Committee resolves to close the matter.

b. Food Security Pack

- **Late Delivery of Fertiliser – Copperbelt Province.**

The Controlling Officer informed the Committee that the contract for the delivery of inputs with Kalula Express Limited was signed on 3rd December, 2018. This was late for the 2018/2019 farming season and the delay in signing the contract was due to delayed release of funds by the Treasury. The Controlling Officer stated that in line with the *Public Procurement Act, 2008* contracts could only be entered into when there was proof of financing. The Ministry made the first payment, being 25 per cent of the total contract sum,

on 7th December, 2018. The contract terms were that delivery of inputs by the transporter was to be completed in three weeks from the time the contract was signed and was expected to be completed by 24th December, 2018.

The Controlling Officer also stated that the contract provided for the extension of the contract period. However, this was not followed through by the Ministry.

In terms of remedial measures implemented, the Controlling Officer submitted that her office had warned the Procurement Unit to be alert in managing future contracts and appointed an officer to be in charge of contract performance monitoring to avoid lapses by parties. Furthermore, the Head, Procurement and Supplies Unit, had been charged.

The Controlling Officer further submitted that the transporter was paid in instalments and the last instalment was paid on 20th August, 2019 as tabulated below.

Date	Document No.	Amount ZMW
7/12/2018	1900001050	1,444,685.75
18/02/2019	1900001584	4,302,003.36
29/07/2019	1900001957	73,932.70
20/08/2019	1900002074	18,741.89

The Controlling Officer also submitted that the transporter had written acknowledging an error on their part with regard to the inconsistencies in the date of the receipt which the Committee had previously noted. The transporter also submitted a bank statement which showed that payment was received on 11th December, 2018. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the Controlling Officer's submission on the reason for the late delivery of fertiliser in the Copperbelt. The Committee urges the Controlling Officer to ensure that this query does not recur and the fertiliser and other farming inputs are delivered when they are needed in a particular farming season to avoid inconveniencing the beneficiaries and negatively affecting the national agriculture output.

However, the Committee recommends the matter for closure subject to presentation of the supporting documentation to the Office of the Auditor General for verification.

• Under Collection of Recoveries of Harvest From Beneficiary Farmers

The Controlling Officer informed the Committee that with regard to Western and Central Provinces, the under collection was due to natural causes. The drought and poor rainfall experienced in the 2018/2019 farming season resulted in low harvest by farmers and made it difficult for them to contribute towards the food security grain bank as the beneficiaries were found to be food insecure.

The Controlling Officer further informed the Committee that the 2018/2019 drought affected the southern part of the country during the 2018/2019 farming season as evidenced by the Disaster Management and Mitigation Unit report on the 2018/2019 season. The report stated, among other things, that the country experienced drought during the 2018/2019 season, which mainly affected the Southern part of the country and resulted in food insecurity in

fifty-eight districts affecting 2.3 million people and that the country recorded the lowest production levels of maize in the last five years.

As for the Copperbelt Province, the late distribution of inputs affected the yields of the farmers under the FSP and consequently their food security. This led to lower contributions than projected.

In terms of remedial measures, the Ministry had been working closely with DMMU and the Meteorological Department to prepare communities in terms of farming practices for purposes of food security. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the Controlling Officer's submission on the reasons for the under collection of recoveries, particularly the issue of the drought experienced during the period under review. The Committee urges the Ministry to explore the possibility of diversifying into the growing of identifiable drought resistant crops that can contribute to the achievement of food security at both household and community level.

The Committee further notes with dismay that the late delivery of farming inputs in the Copperbelt negatively affected the yields. The Committee is of the view that the situation could have been avoided. The Committee, therefore, urges the Controlling Officer to ensure that in future, fertiliser and other farming inputs are delivered timely to avoid inconveniencing the beneficiaries. The Committee resolves to close the matter subject to audit verification.

• Failure to Reimburse Borrowed Funds From District Recovery Accounts

The Controlling Officer informed the Committee that the figure under Sesheke District related to amounts owed to transporters for the 2019/2020 farming season and no funds were borrowed. The amounts under Kaoma District had since been paid in full and the responsible officer had been charged.

Regarding Itezhi Tezhi District, the amount borrowed was K24, 000 and not K33,025. The funds had been paid back and the responsible officer had been charged.

As for Chisamba District the figure related to amounts owed to transporters. However, K2,290 was borrowed to pay for security and had since been paid back. The responsible officer had therefore, been charged.

With regard to Kitwe, Luanshya and Ndola Districts, the borrowed funds had since been paid in full and the responsible officers had been charged. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the matter.

c. Social Cash Transfer Scheme

i. Budget - K699,494,400; Funding - K105,779,645; and Expenditure - K90,462,009

• Under Disbursement of Social Cash Transfer Funds

The Controlling Officer informed the Committee that the Ministry of Finance released funds in amounts totalling K105,779,645 out of which K95,201,681 (90 per cent) should have been paid to beneficiaries. However, only K90,462,009 was paid leaving a balance of K4,739,672 that remained unutilised as at 31st December, 2019. The Controlling Officer explained that the minimum amount required to disburse social cash payments to beneficiaries for a province was in the range of K9,000,000. The balance of K4,739,672 was therefore, not enough as disbursements could only be done in full per province. However, the K4,739,672 was utilised in 2020. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to implement measures aimed at ensuring that the programme is fully funded in line with the approved budget and that the beneficiaries are paid without delay. The Committee also recommends that all relevant documentation be presented to the Auditor General for verification and awaits a progress report on the matter.

• Management of Payroll and Staff Related Matters - Overpayment of Salaries to Officers on Contract

The Controlling Officer informed the Committee that the Department of Social Welfare made adjustments to the basic salaries of contractual staff based on the authority from the Controlling Officer and Public Service Management Division Circular No. B.6 of 2019.

The Controlling Officer explained that the authority from the Controlling Officer could not be availed to auditors at the time of audit because the files for the Social Cash Transfer Programme were submitted to the Drug Enforcement Commission (DEC) and the Anti Corruption Commission (ACC) following the Social Cash Transfer investigations in 2018. A copy of the authority had however, been retrieved from DEC and ACC.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to institute disciplinary action against the officers who failed to provide information to auditors that the documents requested had been submitted to DEC and ACC at the time of audit as the matter could have been resolved at that stage. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

MINISTRY OF HEALTH

AUDIT QUERY	:	PARAGRAPH 22
DEPARTMENTS	:	Various
PROGRAMME	:	Various
ACTIVITIES	:	Various

Audit Findings

27. An examination of accounting and other records for the financial year ended 31st December 2019 maintained at the Ministry headquarters, Provincial Health Offices (PHOs) and selected District Health Offices (DHOs), hospitals and nursing schools revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget - K7,874,189,078; Funding - K4,725,770,037 and; Expenditure - K4,662,109,334

The Controlling Officer submitted that the Ministry had a provision of K7,874,189,078 to cater for operations against which amounts totalling K4,725,770,037 were released resulting in an underfunding of K3,148,419,041. The Controlling Officer stated that expenditure for the year 2019 was K4,662,109,334. Further, user fees in amounts totalling K79,621,974 were collected by twelve schools of nursing and six hospitals.

Committee's Observations and Recommendations

The Committee notes the submission and implores the Secretary to the Treasury to ensure that the Treasury releases all the funds intended for operations to the Ministry of Health in every financial year, in order for the Ministry to operate effectively and efficiently. The Committee considers the matter closed.

b. Accounting Irregularities

i. Uncollected Revenue – K3, 255, 863

Uncollected Revenue

The Controlling Officer submitted that the delay in collecting revenue was caused mainly by vulnerable students coming from very poor backgrounds who struggled to pay their tuition fees on time. In addition, sponsors of students on the sponsorship programme delayed to pay tuition fees. There was also the issue of poor record tracking and lack of supervision on the part of the immediate supervising officers. The Provincial Health Director had since been charged.

The Controlling Officer further submitted that out of the queried amount of K3,255,863 an amount of K1,015,049.66 had been recovered. Three students under Central Province who owed a total amount of K35,415 were dismissed and the amount had been written off as a bad debt, leaving a balance of K2,205,398.34 as shown in table 14.0 below.

Table 14.0: showing uncollected revenue

Province	Station	Amount Queried ZMW	Collections ZMW	Amount Written Off	Balance ZMW
North Western	Solwezi School of Nursing	1,938,154	706,480.66	0.00	1,231,673.34
Muchinga	Chilonga School of Nursing	267,419	127,369	0.00	140,050
Central	Kabwe School of Nursing	209,331	29,875	35,415	144,041
Copperbelt	Ndola School of Nursing and Midwifery	478,638	128,765	0.00	349,873
	Ndola community Health Assistant Training School	362,321	53,240		309,081
	Total	3,255,863	1,015,049.66	35,415	2,205,398.34

The Controlling Officer also informed the Committee that internal controls had been enhanced in order to ensure that all user fees were collected by the school managements. The

General Nursing Council (GNC) had been directed to help in recovering the outstanding funds by not renewing practising certificates for those still owing. Furthermore, the mechanisms set out below had been implemented to ensure that all user fees were collected by the nursing schools.

- a. Adherence to the payment schedule that required students to pay 50 per cent upon reporting for school, 25 per cent within the following three months and the last 25 per cent to be paid three months before the year ended.
- b. Accommodation was provided on condition that at least 75 per cent of the tuition fees were paid.
- c. Constant reminders were made to students, guardians and sponsors.

Supporting documentation was available for audit verification.

Uncollected Medical Fees

The Controlling Officer informed the Committee that the failure to collect the medical fees was due to lack of adherence to prudent management of creditors and observance of credit limit, poor record tracking and lack of supervision on the part of the immediate supervising officer. The Provincial Health Director had since been charged.

The Controlling Officer submitted that out of the queried amount of K7, 430,944 an amount of K375,926.02 had been recovered as shown in table 14.1 below.

Table 14.1: showing uncollected medical fees

No.	Province	Station	Uncollected Medical Fees K	Amount Collected	Balance
1	Central	Kabwe Women and Newborn Children's Hospital	1 013 613,92	117 017,32	896 596,60
2	Copperbelt	Ndola Teaching Hospital	6 417 330,00	258 908,70	6 158 421,30
	Total		7 430 943,92	375 926,02	7 055 017,90

Further, the Ministry had engaged and written to all the debtors and they had promised to liquidate the debt in due course. Internal control measures had also been instituted, including the cancellation of credit lines to institutions that owed the hospital. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee observes that both tuition and medical fees had the potential to contribute to the effective and efficient management and improvement of the operations of the nursing schools and hospitals, respectively. The Committee therefore, urges the Controlling Officer to ensure that all the fees owed to nursing schools and hospitals are collected without fail. In addition, the institutions involved should implement the mechanisms put in place to the letter so that the tuition and medical fees are collected in full henceforth. The Committee will await a progress report on the matter.

ii. Failure to Maintain General Revenue Cashbook – Kapiri Mposhi District Urban Clinic

The Controlling Officer submitted that the failure to maintain the General Revenue Cashbook was due to inadequate supervision by the immediate supervising officer. The Revenue

Cashbook had since been collected from the Ministry of Finance and was in use at the facility. The Controlling Officer further submitted that management instituted disciplinary action against the officer and a recommendation for his dismissal from the civil service had been submitted to Public Service Management Division. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission that disciplinary action has been instituted against the officer. However, the Committee recommends that the Controlling Officer should also institute disciplinary action against the immediate supervising officer for failure to supervise the subordinate adequately. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

iii. Illegible Details on Duplicate Receipts – Kapiri Mposhi District Urban Clinic

The Controlling Officer informed the Committee that the illegible duplicate receipts found at the facility were due to inadequate supervision by the immediate supervising officer. Management instituted disciplinary action against the officer and a recommendation for his dismissal from the public service had been submitted to Public Service Management Division. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee in noting the submission urges the Controlling Officer to ensure that the clinic does not keep illegible duplicate receipts as information is supposed to be preserved and made available when required. The Committee further recommends that the Controlling Officer should institute disciplinary action against the immediate supervising officer for failure to supervise the subordinate adequately. The Committee will await a progress report on the matter.

iv. Unaccounted for Funds – Kapiri Mposhi District Urban Clinic – K20, 115

The Controlling Officer informed the Committee that funds amounting to K20, 115 could not be accounted for due to inadequate supervision by the immediate supervising officer. Management had instituted disciplinary action against the officer and a recommendation for his dismissal from the civil service had been submitted to Public Service Management Division. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission that disciplinary action has been instituted against the officer who failed to account for the funds. The Committee directs the Controlling Officer to ensure that the unaccounted for funds are recovered from the officer without fail. The Committee also recommends that the Controlling Officer should institute disciplinary action against the immediate supervising officer for failure to supervise the subordinate adequately. The Committee resolves to await a progress report on the matter.

v. Failure to Sign Contracts for Communication Towers – Ndola Teaching Hospital

The Controlling Officer informed the Committee that there were no contracts provided in respect of Airtel Zambia and Vodafone at the time of audit because Ndola Teaching Hospital had misplaced the documents.

The Controlling Officer further informed the Committee that the contracts for both Airtel Zambia and Vodafone had since been retrieved and Airtel Zambia had paid off the outstanding amount totalling K16, 200.

The Controlling Officer also submitted that a follow up with Vodafone proved futile as the company had left Zambia. Management followed up the issue with the Patents and Companies Registration Agency (PACRA) which advised management to contact the appointed Official Business Rescue Administrator, Messers Luwita Sayila. The Administrator was contacted and he assured the Ministry that he was looking into the issue of the debt owed by Vodafone amounting to K162, 000. The Ministry continued to pursue the matter to ensure that the funds owed were recovered. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed at the failure by Ndola Teaching Hospital to provide information on the contracts that were signed due to the fact that they had been misplaced at the time of audit. The Committee, in this regard, recommends that the Controlling Officer should take disciplinary action against the officers who failed to provide information and avail the documents to the auditors at the time of audit. Further the Committee emphasises the need for Ndola Teaching Hospital to pursue the recovery of the debt owed by Vodafone to its logical conclusion. The Committee also directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

c. Management of Payroll and Staff Related Matters

i. Failure to Remove Deceased Officers from Payroll

The Controlling Officer informed the Committee that the delay to remove the four cited officers from the payroll under North Western Province was caused by the removal or suspension of authorisation of all end-users country wide by the Smart Zambia Institute following some suspected unauthorised transactions on the payroll. The Controlling Officer further informed the Committee that the two officers indicated under the Lusaka District Health Office (DHO) were under the Ministry of Health headquarters payroll but serving at different facilities. These were a Junior Resident Medical Officer who was based at Ndola Teaching Hospital and a Dental Attendant based at the Dental Training School.

The Controlling Officer further submitted that the delay to remove the officers from the payroll was also due to the inherent weakness in the centralised system of managing the payroll coupled with inadequate monitoring, reporting and communication. The Director Human Resource Management and Administration and the Provincial Health Director - North Western had since been charged for poor supervision in line with the Disciplinary Code for Handling Offences in the Public Service.

The Controlling Officer also submitted that the deceased officers were removed from the payroll and the irregularly paid salaries and allowances would be recovered from their leave terminal benefits. The Ministry of Health had since requested for special funding from the Ministry of Finance to enable payment of terminal benefits and initiate recoveries accordingly. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee bemoans the failure by the Ministry of Health to remove the deceased officers from payroll resulting in loss of funds by the Government. The Committee urges the Controlling Officer to ensure that the irregularly paid salaries and allowances are recovered without fail. The Committee also directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification of the termination of the officers from payroll. The Committee will await a progress report on the matter.

ii. Irregular Payment of Salaries to an Absentee Officer – Senanga General Hospital - K1,981,551

The Controlling Officer informed the Committee that the officer who absented himself from duty from 2014 had not been separated from service and was irregularly paid salaries in amounts totalling K1,981,551. The cited officer was appointed on contract in 2004 and was transferred from Senanga General Hospital to Solwezi General Hospital in 2013. However, his pay point was not changed to Solwezi General Hospital due to non-availability of a vacant position of Senior Resident Medical Officer at Solwezi General Hospital.

The Controlling Officer stated that after the officer's contract expired, he did not continue to serve at Solwezi General Hospital as he was installed as His Royal Highness Chief Kapijimpanga. However, due to an administrative lapse, Solwezi General Hospital did not notify Senanga General Hospital to have the officer terminated from the payroll.

The Controlling Officer submitted that the Provincial Health Director - North Western had since been charged for poor supervision in line with the Disciplinary Code for Handling Offences in the Public Service. Further, the officer had since been terminated from the payroll and the irregularly paid salaries had since been computed and would be recovered from his terminal benefits and gratuity. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee censures the Controlling Officer for this serious lapse of payment of salaries to an absentee officer, which resulted in loss of colossal sums of money by the Government. The Committee urges the Controlling Officer to ensure that the Ministry recovers the irregularly paid salaries from the officer's terminal benefits without fail. The Committee will await a progress report on the matter.

iii. Irregular Payment of Salaries to Officers that Resigned from the Civil Service - K751,781 and K25,389

The Controlling Officer informed the Committee that the eight officers were doctors under the internship programme of the Ministry of Health. The delay to remove the officers from the payroll following their resignation was caused by the failure to carry out head count and non-reconciliation of payroll regularly.

The Controlling Officer further submitted that the irregular payment of salaries was caused by a weakness in the management of the payroll for internship positions as it was centrally managed for all internship sites located countrywide and that upon completion of their internship programme, interns would then be deployed to their final stations where their payroll was supposed to be transferred. The system had an inherent weakness in monitoring the movement of staff upon placement. This resulted in the cited officers to continue drawing salaries even when they had not reported at their new stations.

The Controlling Officer stated that as a control measure, the payroll for interns had since been decentralised to the provinces in order to strengthen internal controls to mitigate the highlighted weaknesses. In addition, all the eight officers had since been terminated from the payroll and the irregular salaries paid to the officers would be recovered from their terminal benefits. Further, the Director Human Resource Management and Administration had since been charged for poor supervision in line with the Disciplinary Code for Handling Offences in the Public Service.

The Controlling Officer also informed the Committee that the officer whose contract was terminated on 21st October, 2019 and paid salaries totalling K25,389 was terminated from the payroll with effect from 1st January, 2020. The delay to remove the cited officer from the payroll was caused by the removal or suspension of authorisation of all end-users country-wide by Smart Zambia Institute following some suspected unauthorised transactions on the payroll.

The Controlling Officer further informed the Committee that the irregular salaries paid to the officer would be recovered from his terminal benefits and that the Director Human Resource Management and Administration had since been charged for poor supervision. The Ministry of Health had since requested for special funding from the Ministry of Finance to enable payments of terminal benefits and initiate recoveries accordingly. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes with dismay the failure by the Ministry to remove the cited officers from payroll, resulting in loss of funds by the Government. The Committee urges the Controlling Officer to ensure that the Ministry recovers the irregularly paid salaries from the officers' terminal benefits without fail. The Committee will await a progress report on the matter.

d. Procurement of Goods and Services

i. Irregular Use of Imprest to Procure Goods and Services - K39,899

The Controlling Officer informed the Committee that the goods and services that were irregularly procured had all been accounted for and were used for the intended purpose. However, the Provincial Health Director had since been charged for poor supervision and negligence in line with the Disciplinary Code for Handling Offences in the Public Service and directed to adhere to Public Procurement Guidelines at all times. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission that the goods and services, despite being procured irregularly, have been accounted for. The Committee contends that the cited institutions acted contrary to Financial Regulation No. 86 (c) which provides that accountable imprest is imprest issued to facilitate purchase of goods and services whose value cannot be ascertained at the time of the purchase. The Committee therefore, urges the Controlling Officer to ensure that all officers at the cited institutions adhere to Financial Regulation No. 86 when issuing accountable imprest. The Committee further urges the Controlling Officer to take disciplinary action against the officers who authorised the issuance of the imprest contrary to Financial Regulation No. 86 (c). In addition, the Committee directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

ii. Workshops Held Without Authority

The Controlling Officer informed the Committee that the query was mainly caused by some Provincial Health Officers who did not read Cabinet Office Circular Minute of 2016 which stated that authority to use a private venue for workshops was to be obtained from the Secretary to the Cabinet. However, all institutions in the provinces had since been guided in accordance with the Circular that they should not hold workshops at a private lodge without authority. The Controlling Officer further informed the Committee that the Provincial Health Directors had since been charged for poor supervision and negligence in line with the Disciplinary Code for Handling Offences in the Public Service. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee expresses disappointment at the Ministry's failure to adhere to the provisions of Cabinet Office Circular Minute of 2016 resulting in expenditure which could have been avoided. The Committee directs the Controlling Officer to circulate Cabinet Office Circular Minute of 2016 to the cited institutions and ensure that relevant Provincial Health Directors and the institutions are sensitised on the contents of the Circular to avoid the query recurring. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee awaits a progress report on the matter.

iii. Tender for Supply of 50,000 Health Centre Kits – MOH/SP/032/19

• Questionable Referral Letters – Preliminary Evaluation

The Controlling Officer informed the Committee that the bidder provided two referral letters as evidence of having dealt in similar pharmaceutical products. The Evaluation Committee in this case regarded notification of award of contracts, purchase orders, delivery notes as well as referral letters as acceptable evidence. The Controlling Officer further informed the Committee that exculpatory letters from the Evaluation Committee stated that they were unable to disqualify the bidders based on the content of the referral letters as observed by the audit because the solicitation documents did not define what documents would constitute evidence of having dealt in such products. In this regard, the Ministry of Health had recommended to the Zambia Public Procurement Authority (ZPPA) that standard solicitation documents be reviewed and that clear guidelines be provided on specific criteria requiring bidders to provide documentary evidence.

Committee's Observations and Recommendations

The Committee is disappointed that the Ministry appears to be defending the questionable referral letters. The Committee contends that even if the solicitation documents did not define what documents would constitute evidence of having supplied similar products as those in the bidding document before, the Ministry should have ensured that the only evidence provided in the form of referral letters was credible and could be verified.

The Committee censures the Controlling Officer for this lapse. The Committee further contends that the explanation given in the exculpatory letters from the members of the Evaluation Committee is unacceptable. The Committee, therefore, recommends that appropriate disciplinary action should be taken against the members of the Evaluation Committee for this lapse. The Committee will await a progress report on the matter.

- **Questionable Capacity to Perform the Contract – Post Qualification Evaluation**

The Controlling Officer submitted that, as observed by the auditors, all the three bidders did not meet this particular criterion. However, exculpatory letters from the Evaluation Committee stated that the criterion was treated as a minor deviation, as all bidders failed to meet the minimum criteria as observed. No bidder was given undue advantage over the other as they were all evaluated on a level playing field. The Controlling Officer further submitted that due to the emergency nature of this tender, the information submitted by the suppliers was evaluated as submitted and found responsive. The Controlling Officer also submitted that the Evaluation Committee members were given a written warning as it was observed that they failed to record their decision to consider this as a minor deviation.

Committee's Observations and Recommendations

The Committee observes that the decision of the Evaluation Committee was arbitrary and therefore, once again, censures the Controlling Officer and cautions her to desist from disregarding the requirements of the bid. The Committee directs the Controlling Officer to take stern disciplinary action against the Evaluation Committee members responsible for causing the query as they failed to undertake adequate due diligence on the bidders' capacity to perform the contract. The Committee will await a progress report on the matter.

- **Other Findings – Honeybee Pharmacy**

- ⊙ **Failure to Provide Power of Attorney Written by Lawyer**

The Controlling Officer informed the Committee that the original documents submitted by the bidders were endorsed by a lawyer, and thus found responsive. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission by the Controlling Officer and cautions her to desist from deliberately disregarding the requirements of the contract. The Committee contends that the requirement was that the power of attorney should have been written by a lawyer as opposed to being endorsed by a lawyer. The Ministry's action of accepting an endorsed letter was therefore, not compliant with the requirement of the bid. The Committee therefore, directs the Controlling Officer to take disciplinary action against the officers who failed to adhere to the requirements of the contract. The Committee will await a progress report on the matter.

- ⊙ **Questionable Responsiveness on the Zambia Medicines Regulatory Authority Registration**

The Controlling Officer informed the Committee that the bidder submitted a Zambia Medicines Regulatory Authority (ZAMRA) Wholesale Licence No. PL/5-00091/19 issued on 28th August, 2019 which was evaluated and found responsive. This was further evidenced by the letter from the Attorney General dated 11th June, 2020 that observed that the licence issued on 28th August, 2019 was issued to Honeybee Pharmacy. The Controlling Officer also stated that the bidder had further submitted the manufacturers' authorisation certificates as required in the solicitation documents.

Committee's Observations and Recommendations

The Committee notes the Controlling Officer's submission that the bidder had submitted the manufacturers' authorisation certificates as required. The Committee, therefore, directs the Controlling Officer to submit relevant documentary evidence to the Office of the Auditor General for audit verification and take disciplinary action against the officers who failed to

provide the information and avail the documents to the auditors at the time of audit as the query would have been resolved at that stage. The Committee will await a progress report on the matter.

⊙ **Sourcing of Medicines and Medical Supplies from Unapproved Manufacturers**

The Controlling Officer informed the Committee that the supplier in a letter dated 8th April, 2020 submitted to the Ministry of Health, a request for change of manufacturers' authorisation. The supplier stated that the approved manufacturers requested for an extension of time before they could start to supply owing to the COVID 19 pandemic.

In a letter dated 19th August, 2020 written by ZAMRA to the supplier regarding the importation of health center kits, the supplier was informed that they would be required to pay preclearance fees for quality assurance of imports for unregistered medicines and allied substances. This was in line with the Medicines and Allied Substances (Fees) Regulations, 2016 which provided for allowing commodities to be imported into the country as long as importers paid the prescribed fees for preclearance at 1 per cent for registered commodities and 5 per cent for the unregistered commodities. The Zambia Medicines Regulatory Authority also informed the supplier on other quality assurance measures that would be applied after the commodities had been cleared. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes with dismay that the Ministry allowed the sourcing of medicines and medical supplies from unapproved manufacturers. The Committee contends that the failure by the Ministry to adhere to the requirements of the contract had the potential to compromise the quality control of the medicines and medical supplies.

The Committee further contends that this is a serious lapse requiring disciplinary action to be meted out against the Controlling Officer. The Committee, therefore, noted with satisfaction that disciplinary action was taken against the Controlling Officer as revealed by the Secretary to the Treasury during his appearance before it on 18th January, 2021. The Committee, further wishes to know what quality assurance measures have been applied after commodities were cleared. The Committee resolves to await a progress report on the matter.

⊙ **Questionable Supply of Unregistered Goods**

The Controlling Officer submitted that in a letter dated 19th August, 2020 written by ZAMRA to the supplier regarding the importation of health center kits, the supplier was informed that they would be required to pay preclearance fees for quality assurance of imports for unregistered medicines and allied substances. This was in line with the Medicines and Allied Substances (Fees) Regulations, 2016 which provided for allowing commodities to be imported into the country as long as importers paid the prescribed fees for preclearance at 1 per cent for registered commodities and 5 per cent of the unregistered commodities. The Zambia Medicines Regulatory Authority also informed the supplier on other quality assurance measures that would be applied after commodities had been cleared. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee bemoans the Ministry's failure to adhere to the requirement of the contract that the goods supplied under the contract shall be registered for use in the procuring entity's country. The Committee requests a progress report on whether the unregistered goods had been registered and whether the quality assurance measures by ZAMRA had been applied to

the goods following their importation into the country. The Committee will await a progress report on the matter.

○ **Failure to Avail Quality Control Test Certificates**

• **Tests on Paracetamol Tablets**

The Controlling Officer informed the Committee that the Ministry of Health through ZAMRA was mandated to carry out investigations on medicines beyond the physical inspection which primarily was conducted by Medical Stores Limited on receipt of products. While Certificates of Analysis were used preliminarily to ascertain the quality, initial quality assurance tests were done on sampled products and items distributed to facilities. The Zambia Medicines Regulatory Authority continued with periodic sampling of commodities to ascertain the quality as part of post marketing surveillance. This was also complemented by the strong pharmaco-vigilance system in facilities which allowed all health workers, including clients, to report to ZAMRA, any medicine related problems for appropriate investigations and action. This had resulted in the quarantine and recalls that were normally reported in order to protect the general public.

The Controlling Officer submitted that the paracetamol cited was discovered by the Ministry of Health's active pharmaco-vigilance activities prevalent at health facility level. Further, the Ministry of Health, through ZAMRA, had instituted a recall of all batches of paracetamol tablets that were distributed. The supplier in a letter dated 15th September, 2020 had confirmed having engaged the manufacturer to replace all the recalled batches. The manufacturer in response had availed documentary evidence that he had commenced the manufacturing of the products that required replacement. The products would be packed in blister packing of 100 strips x 10 tablets (1,000), and mono carton in order to reduce the risk of the product being affected by moisture.

Supporting documentation comprising a letter from the supplier indicating the replacement of the batches was available for audit verification,

Committee's Observations and Recommendations

The Committee is disappointed at the Ministry's failure to ensure that the health centre kits were accompanied by the Certificate of Analysis from the manufacturer or supplier. The Committee contends that if the Certificate of Analysis was provided, the Ministry would have had an indication about the state of the paracetamol before proceeding to distribute and later having to recall it.

The Committee urges the Controlling Officer to adhere to procurement procedures and standards related to the procurement of medicines at all times to ensure that a query of this nature does not recur. In addition, the Controlling Officer should ensure that the replacement products are accompanied by the Certificate of Analysis from the manufacturer or supplier. The Committee will await a progress report on the matter.

⊙ **Lubricated Latex Condoms**

⊙ **Latex Examination Gloves**

The Controlling Officer submitted that management had noted the Auditor General's observations that two laboratory test reports dated 22nd September, 2020 by the Zambia Bureau of Standards (ZABS) revealed that the commodities had failed some laboratory tests. The condoms had failed some parameters such as bursting volume and length while the gloves had failed the water tightness test. The Controlling Officer informed the Committee

that the Ministry of Health, through ZAMRA, was mandated to carry out investigations on medicines and associated commodities. In so doing, samples of the condoms and the gloves were sent for testing in Zimbabwe at a World Health Organisation accredited laboratory in accordance with the standard operating procedures for post marketing surveillance. The results were still being awaited. However, the Committee was informed during the Controlling Officer's appearance before it that the commodities had been distributed to health facilities.

Committee's Observations and Recommendations

The Committee notes the submission and is concerned that the Ministry does not seem to have addressed the actual audit query on both the condoms and the gloves, which is that the two products failed some quality control tests conducted by ZABS. Further, the Ministry does not also state what necessitated the sending of samples to Zimbabwe when the products had already been distributed to health facilities. The Committee contends that by going ahead with the distribution of the products despite the ZABS laboratory results and before receiving the results from Zimbabwe, the Ministry deliberately put the users of the products at risk.

The Committee recommends that the Ministry should recall the products whilst awaiting the results of the samples sent to Zimbabwe for testing. The Ministry should further follow up on the samples that were sent to Zimbabwe and ensure that the results are obtained without undue delay. The Committee will await a progress report on the matter.

☉ Other Observations

- a) The soap bar supplied in the kits with an invoice value of US\$13,068 did not have a trade and manufacturer's name.**
- b) Diazepam injection with an invoice value of US\$4,656.96 was missing from the health centre kits supplied.**
- c) 4g of Tetracycline HCL 1 per cent eye ointment tube was supplied instead of 5g which had an invoice value of US\$22,952.16.**

The Controlling Officer informed the Committee that the Ministry of Health, through Medical Stores Limited, as part of the physical inspection of the products made similar observations to those stated in the audit report. The Controlling Officer stated that a discrepancy report was issued to the supplier as part of the delivery notes and documentation issued. The Controlling Officer further submitted as outlined below on each product.

- a. Soap Bar - The soap bar was one of the products being pursued for further analysis. The Zambia Medicines Regulatory Authority and other relevant regulatory institutions would continue to carry out various analytical tests on all products because it was not possible to have all the results ready at the same time.
- b. Diazepam - Diazepam had become a highly controlled product due to the potential to be abused by clients. The process to acquire this product was different from the rest of the products and therefore, the supplier informed the Ministry that the product would be supplied separately. The value of the diazepam had been excluded from the value of goods supplied. Supporting documentation was available for audit verification.

- c. Tetracycline 4g instead of tetracycline 5g - This was an anomaly that required the supplier to reduce the price or increase the quantity of the product. She added that the supplier did in fact supply more of this product in order to compensate on the reduced grammes.

Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee makes the observations and recommendations as set out below.

- i. Soap Bar

The Committee notes the submission and is of the view that the Ministry of Health should have sourced the soap locally. However, the Committee will await the results of the analytical test undertaken on the soap.

- ii. Diazepam

The Committee notes with displeasure that the explanation given by the Controlling Officer on why diazepam was missing in the kit was not given to the auditors at the time of audit. The Committee therefore, directs the Controlling Officer to take disciplinary action against the officers who failed to provide information to the auditors at the time of audit. The Committee will await a progress report on the matter.

- iii. Tetracycline

The Committee is disappointed that information was not given to the auditors at the time of audit that the supplier had supplied more tubes to compensate for the reduced grammes. The Committee, therefore, directs the Controlling Officer to take disciplinary action against the officers who failed to provide information to the auditors at the time of audit. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

- e. **Infrastructure Development – Contract with Megha Engineering and Infrastructure Limited – MOH/W/02/-13 – Construction of Prefabricated Health Posts**

The Controlling Officer explained that the Treasury committed to financing the excess amount above the loan agreement via its letters dated 11th December, 2013 and 19th February, 2014 to which Exim Bank of India responded through a letter dated 7th January, 2014. The commitment from the Treasury proposed to pay Megha Engineering and Infrastructure Limited (MEIL) for the supply and installation an amount equal to \$ 1,037,824.02 and \$ 919,358 for retention. The total commitment as Government counterpart funding towards the contract with MEIL was \$1,957,182.02.

The Controlling Officer informed the Committee that according to the contract, counterpart funding (part of which was retention fees) was to be paid to MEIL towards the end of the contract in 2016. However, the Ministry of Finance could not raise the requisite Letter of Credit (LOC) towards the project which led to the contractor to entirely pull out of the thirty-nine sites and demobilised as per the letter dated 3rd March, 2017.

The Controlling Officer further informed the Committee that the Ministry of Health had been reminding the Ministry of Finance to honour their commitment and after protracted deliberations between the Indian Government, Exim Bank of India and Zambia's Ministries of Finance and Health, a refinancing agreement was reached as per acknowledgement dated 17th February, 2017 from Exim Bank of India. After further discussions, Exim Bank agreed to support the completion of prefabricated health posts in Southern, Western and Lusaka Provinces by way of extending the Letter of Credit and an approval of the enhancement in value of the contract awarded to MEIL in a letter dated 25th May, 2018. This meant that the payment to be made by the Government was going to be made by Exim Bank of India. The Government of Zambia was informed through the extended Letter of Credit dated 28th June, 2018 in which Exim Bank approved and informed the Ministry of Finance that the US \$700,000 that was to be paid to MEIL would be drawn out of the undrawn balance available under the extended LOC. This therefore, meant that the \$700,000 was since covered under the Exim Bank LOC and not the Government of Zambia LOC.

Regarding the effective date of contract, a number of clauses were supposed to be fulfilled to ascertain the new start date. Amongst those required to be fulfilled was the approval of the signed contract by appropriate authorities of the Government of Zambia and approval by Exim Bank of India. The Controlling Officer stated that the extended contract for MEIL came into effect in January, 2019 for a period of eighteen months after fulfilling a number of conditions under Article 3.1 of the contract. The new end date of the contract changed to June, 2020.

The Controlling Officer also submitted that the contract was still in force and the contractor had some time on hand to finish working on the thirty-nine health posts that had remained incomplete. Further, due to the COVID-19 pandemic, the contract had been extended up to December, 2020 for the contractor to complete the works. However, in the latest status report provided following the Ministry's appearance before the Committee, it was indicated that the contractor was yet to complete the remaining thirty-five health posts. The Controlling Officer stated that the contract had suffered some setbacks such as lack of progress on the part of the contractor and the non renewal of securities by the contractor. Furthermore, it was difficult to ascertain the new completion date as the Ministries of Finance and Health, Exim Bank and the contractor were yet to meet to discuss the matter. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report on completion of the construction of the remaining thirty-five health posts.

f. Management of Assets

i. Failure to Secure Title Deeds

The Controlling Officer informed the Committee that the Ministry was making every effort to secure the title deeds for the cited properties. The Ministries of Works and Supply, Local Government and Lands and Natural Resources had since been written to by all the institutions cited in the Auditor General's Report. The Controlling Officer further informed the Committee that the Provincial Health Directors had since been charged for inefficiency and negligence in line with the Disciplinary Code for Handling Offences in the Public Service. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes with concern that many assets were without title deeds. The Committee urges the Controlling Officer to frequently follow up with the Ministries of Works and Supply, Local Government and Lands and Natural Resources, and ensure that the Ministry of Health acquires title deeds for all the cited assets. The Committee will await a progress report on the matter.

ii. Failure to Insure Motor Vehicles

The Controlling Officer informed the Committee that the insurance cover notes which were not availed at the time of the audit had been retrieved and that all the sixteen motor vehicles queried had since been insured, with the exception of non-runners motor bikes which had been recommended for boarding.

The Controlling Officer stated that the ambulance under Kabwe Central Hospital which was involved in a road traffic accident had since been repaired and was comprehensively insured. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to submit relevant documentary evidence relating to the insurance of the vehicles queried to the Office of the Auditor General for audit verification. The Committee further directs the Controlling Officer to take disciplinary action against the officers who failed to avail the insurance cover notes to the auditors at the time of audit as the query would have been resolved at that stage. The Committee will await a progress report on the matter.

iii. Failure to Inscribe Government Assets - Solwezi College of Nursing and Midwifery

The Controlling Officer informed the Committee that the Ministry of Health had engaged the Ministry of Works and Supply and all the assets queried had since been inscribed. The Controlling Officer further informed the Committee that the Provincial Health Director - North Western had since been charged for poor supervision in line with the Disciplinary Code for Handling Offences in the Public Service. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to submit relevant documentary evidence to the Office of the Auditor General for audit verification subject to which the matter should be closed.

iv. Failure to Report Road Traffic Accident to Standing Accidents Board

The Controlling Officer informed the Committee that the accident had been reported and was waiting to be tabled by the Standing Accidents Board. The Provincial Health Director had since been charged for inefficiency and poor supervision in line with the Disciplinary Code for Handling Offences in the Public Service. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

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

v. Wasteful Expenditure – Lundazi District Health Office – K46, 806

The Controlling Officer informed the Committee that the failure by Lundazi District Health Office to stick to the credit terms which resulted in ZSIC's refusal to indemnify the institution was regrettable. The Provincial Health Director had since been charged for poor supervision in line with the Disciplinary Code for Handling Offences in the Public Service.

The Controlling Officer stated that the Ministry had continued to engage ZSIC for a refund of the K46, 806. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to ensure that the funds that were paid as first installment are recovered from the emoluments of the officers who caused this wasteful expenditure without undue delay. The Committee will await a progress report on the matter.

g. Management of Liabilities

i. Failure to Withhold Value Added Tax – K680,056

The Controlling Officer informed the Committee that Value Added Tax (VAT) amounting to K680,056 was not withheld from the payment to various suppliers mainly due to the information gap regarding the management of VAT as there was no orientation given to accounts staff in the Ministry on how to handle VAT transactions. Most of the officers who were trained on how to handle the withholding of VAT in the IFMIS were transferred to other ministries. To this effect, the Ministry had been engaging ZRA and the concerned suppliers to ensure that VAT was remitted.

The Controlling Officer also informed the Committee that Medhold Zambia had since remitted the outstanding VAT amounting to K176,552 to ZRA.

Regarding Mulungushi Conference Centre which owed an amount of K35,106.83, the Ministry had entered into a payment plan with ZRA on how to settle all the outstanding VAT. Further, TAJ Pamodzi Hotel with an amount of K19,545.23 had indicated that the remittance to ZRA would be effected as soon as possible.

The Controlling Officer submitted that the Ministry had continued to engage the other companies to provide tangible evidence on the remitted VAT queried in amounts totalling K559,952. Furthermore, letters had been written to ZRA requesting for information and proof pertaining to the payment of VAT by the suppliers.

The Controlling Officer also submitted that the Director of Finance and the Provincial Health Directors had since been charged for inefficiency and poor supervision in line with the Disciplinary Code for Handling Offences in the Public Service. The accounting staff had also been cautioned and oriented on compliance as tax agents to withhold VAT from suppliers of goods and services. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer to desist from condoning transactions that violate the tax law with impunity. The Committee finds it unacceptable that staff in the Accounts Department do not understand the procedure relating to the withholding of VAT which every trained accounting officer should understand.

The Committee urges the Controlling Officer to ensure that, henceforth, VAT is withheld and remitted to ZRA in accordance with the law. The Committee further directs the Controlling Officer to follow up all the institutions that had not yet remitted and ensure that they remit the outstanding VAT without undue delay. The Committee will await a progress report on the matter.

ii. Failure to Withhold Tax on Rental Payments – Senanga School of Nursing – K16, 450

The Controlling Officer informed the Committee that withholding tax amounting to K16,450 had since been recovered from the landlord and remitted to ZRA. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

The Committee notes the submission and recommends that the Controlling Officer should take disciplinary action against the officers at Senanga School of Nursing who failed to withhold tax on rental payments. The Committee directs the Controlling Officer to avail all relevant documentation relating to the payment of the withholding tax to the Office of the Auditor General for audit verification. The Committee awaits a progress report on the matter.

h. Management of Stores – Unaccounted for Stores – K108, 907

The Controlling Officer informed the Committee that all the receipt and disposal details of the stores items costing K108,907 had been retrieved. The failure to avail the disposal details at the time of audit was mainly due to misfiling and the Provincial Health Directors had since been charged for poor supervision in line with the Disciplinary Code for Handling Offences in the Public Service. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

The Committee notes the submission and recommends that the Controlling Officer should take disciplinary action against the officers in the cited institutions who misfiled the documents. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

Committee’s General Observations and Recommendations

The Committee expresses disappointment at the flouting of Public Procurement guidelines and the failure to adhere to contract requirements with impunity by the Ministry of Health, especially in relation to the tender for the supply of 50,000 health centre kits. The Committee contends that such levels of impunity should never be allowed when dealing with public resources and citizens’ lives.

The Committee calls upon the Controlling Officer to implement measures that will ensure that public procurement guidelines and contract requirements are adhered to without fail at all times. The Committee further urges the Secretary to the Treasury to ensure that the internal audit unit at the Ministry operates effectively as a check on financial activities and its operations are monitored. The Committee will await a progress report on the matter.

MINISTRY OF WORKS AND SUPPLY

UNITS	:	PARAGRAPH 23
PROGRAMMEE	:	Various
ACTIVITIES	:	Various

Audit Findings

28. An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the period under review revealed the following to which the Controlling Officer responded as set out below.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December, 2019, a provision of K88,489,789 was made to cater for the operations of the Ministry, against which amounts totaling K68,627,965 were released, resulting in an under funding of K19,861,824. As at 31st December, 2019, amounts totaling K68,499,221 had been spent.

b. Operational Matters – Failure to Maintain an Inventory for Government Infrastructure

The Controlling Officer submitted that the Ministry had been compiling an inventory of Government infrastructure by collecting data from provinces through questionnaires from ministries and valuation rolls. At the time of audit, the process was underway and was still ongoing. The Committee was informed that 24,000 properties had been captured on the Asset Register. The data was yet to be reconciled, validated and valued.

With regard to the lack of Maintenance Policy, the Committee was informed that the Ministry developed a draft Public Infrastructure Maintenance Policy and submitted it to Policy Analysis and Coordination (PAC) at Cabinet Office, for clearance. PAC in their response, advised that the Ministry of Finance had also developed draft Public Asset Management Policy and as such there was need to harmonise the two policy documents. The two ministries harmonised the two documents in 2019 and came up with the Public Asset Management Policy, which was approved by Cabinet on 26th October, 2020.

Committee's Observations and Recommendations

The Committee commends the Controlling Officer for the effort made to capture 24000 properties on the Asset Register. However, the Committee urges the Controlling Officer to ensure that all properties are captured and the register is validated. The Committee will await a progress report on the matter.

c. Procurement of Goods and Services

i. Irregular Use of Accountable Imprest to Procure Goods and Services - K1,534,457

The Controlling Officer submitted that management regretted the use of imprest to procure goods and services and that K28,600 imprest was paid to four officers as set out below.

1. **Andysen Mwanza** drew K15,000 to facilitate an urgent unblocking of and repair of sewerage at the Ministry headquarters. The Committee was informed that the situation at hand required urgent and quick interventions to avoid an outbreak of water borne disease. The imprest was retired and details availed to the audit team. The Committee was also informed that authority was sought from the Secretary to the Treasury to use imprest for this purchase.

2. **Florence Musumali** drew K7,600 imprest to facilitate urgent repair works at the new Showgrounds pavilion as part of State functions where the President officiated. The Show Society of Zambia made the funds available. Authority was sought from the Secretary to the Treasury to use imprest for this purchase.
3. **Jane Miti** drew K5,000 imprest to purchase electricity units for the department of Finance. This was an emergency in that the department housed the IFMIS server that serviced other ministries (Ministry of Agriculture, Cabinet Office, Ministry of Justice and Zambia Correctional Services). Authority was sought from the Secretary to the Treasury to use imprest for this purchase.
4. **Briston Ngoma** drew K1,000 imprest to facilitate the purchase of printing materials for the launch of the Government Fleet Management Policy. Authority was sought from the Secretary to the Treasury to use imprest for this purchase.

The Controlling Officer also submitted that the Ministry was mandated to officiate at state functions which included funerals and visits by Heads of State. During the year ended 31st December, 2019, a total of K1,505,857 was drawn at different intervals and this involved nineteen transactions. The Committee was informed that authority was also sought from the Secretary to the Treasury to use imprest for these activities.

Committee's Observations and Recommendations

The Committee is displeased that the Ministry appears to have fallen into the habit of irregularly using accountable imprest to procure goods and services. The Committee is also displeased that the Secretary to the Treasury has continued to grant authority for this practice. The Committee, in this regard, sternly cautions both the Controlling Officer and the Secretary to the Treasury to desist from this practice as it is a recipe for increased financial irregularities and mismanagement. Further, the Committee directs the Controlling Officer to avail the relevant supporting documentation to the Office of the Auditor General for audit verification. The Committee will await a progress report on the matter.

ii. Failure to withhold VAT from Payments to Suppliers- K266,857

The Controlling Officer submitted that it was regrettable that VAT totaling to K266,857 was erroneously not withheld in that the suppliers were paid the full invoice values. The Committee was informed that this error was due to system failure. However, the Ministry made a follow-up with the Zambia Revenue Authority and the Ministry of Finance to correct the situation. The Controlling Officer also submitted that in order to correct the omission, the Procurement Unit engaged the affected vendors on the matter.

Committee's Observations and Recommendations

The Committee observes that this information could have been availed to the auditors at the time of audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against officers for failure to avail information to the auditors. The Committee also urges the Controlling Officer to ensure that the suppliers pay the VAT without fail. The Committee will await a progress report on the matter.

iii. Failure to Obtain Authority for Conference Services- K30,575

The Controlling Officer submitted that it was regrettable that the requested authority from the Secretary to the Cabinet was not availed to the auditors at the time of audit. However, the copy of the authority was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to avail the copy of the authority to the auditors. The Committee also urges that the said copy be availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

v. Management of Contracts

• Failure to Provide Documentation/Information for Contracts

The Controlling Officer submitted that it was regrettable that at the time of audit, the requested information could not be availed. However, the status on the queried matters was as set out below.

1. Verfafile Enterprises Ltd

The contract documents relating to this contract were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to avail supporting documents to the auditors at the time of audit. The Committee also urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

2. Datong Construction Limited

The contract document of Datong and the Ministry of Works and Supply related to the rehabilitation of the roof at Government House and not Government Complex. The stated contract sum was K2,002,132.61. This amount was settled in three installments, (IPC 1 K400,426.43, IPC 2 K801,549.74, and IPC 3 K280,401).

However, the amount cited by the Auditor General of K690,991.81 was net of VAT payment on IPC 2 whose total value was K801,549.74.

Committee's Observations and Recommendations

The Committee observes that this information could have been availed to the auditors at the time of audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors. The Committee also urges the Controlling Officer to be proactive and ensure that this information and all supporting documents on this matter are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

3. Lujing Construction Company:

The contract documents relating to this contract were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to avail supporting documents to the auditors at the time of audit. The Committee also urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

• Failure to Maintain Vendors' Cumulative Payment Worksheets

The Controlling Officer submitted that it was regrettable that details of payment were not availed as requested by the auditors. However, the compilation of the requested details had

been completed and these cumulative payment schedules were available for audit verification.

Committee's Observations and Recommendations

The Committee observes that this information could have been availed to the auditors at the time of audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors. The Committee also urges the Controlling Officer to be proactive and ensure that this information and all supporting documents on this matter are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

d. Accounting Irregularities

i. Unsupported Payments- K920,808

The Controlling Officer submitted that management regretted the failure to avail, in full, the requested information by the auditors. All the documents were available for verification.

Committee's Observations and Recommendations

The Committee observes that this information could have been availed to the auditors at the time of audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors. The Committee also urges the Controlling Officer to be proactive and ensure that this information and all supporting documents on this matter are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

ii. Unretired Accountable Imprest- K16,086

The Controlling Officer submitted that management regretted the failure to avail retirement details at the time of audit. The status on the matter was as set out below.

1. John Kasonde drew K11,000 imprest. The officer retired the imprest as stipulated in the Financial Regulations. The documents were available for verification.
2. Rosemary Ndeleki drew K43,585.70 imprest. The officer retired the imprest according to the Financial Regulations and details brought before the auditors for verification. However, during the verification process the amounts relating to fuel, K3,085.70 that was drawn using the authorised fuel formula was erroneously not considered.
3. Isaiah Mukwashi drew K1,000 imprest. Deductions have since been effected, to recover the funds in question.
4. Limbikani Zulu- drew K1,000 imprest. The transaction had no retirement details because the payment was actually cancelled and reversed on the IFMIS. This could be verified through the system, using the customer account number on the IFMIS. Proof of reversal of the transaction was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to retire accountable imprest, in line with the financial regulations and those who failed to provide requisite information and documentation to the auditors at the time of audit. The Committee also urges the Controlling Officer to submit all relevant documentation to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

iii. Unaccounted for Stores- K976,626

The Controlling Officer submitted that it was regrettable that the stores details in questions were not availed at the time of audit. These records were all available for verification.

Committee's Observations and Recommendations

The Committee observes that this information could have been availed to the auditors at the time of audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors. The Committee also urges the Controlling Officer to be proactive and ensure that this information and all supporting documents on this matter are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

e. Management of Assets

i. Failure to Insure Assets

The Controlling Officer submitted that the failure to insure the assets was largely attributed to funding constraints from the Treasury. The Committee was informed that in order to rectify the matter, the Ministry had written to the Secretary to the Treasury, seeking guidance on the assets to be insured.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to prioritise funding to facilitate the insurance of the assets. The Committee will await a progress report on the matter.

ii. Failure to Insure Motor Vehicles

The Controlling Officer submitted that it was regrettable that the vehicles in question were not insured. This was an omission on the part of the Ministry. However, the situation was corrected as all the ten vehicles were insured with effect from September, 2020. Insurance cover notes were available for verification.

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer for the lapse and observes that this information could have been availed to the auditors at the time of audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors. The Committee also urges the Controlling Officer to be proactive and ensure that this information and all supporting documents on this matter are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

iii. Failure to Secure Title Deeds

The Controlling Officer submitted that it was regrettable that most Government properties were without title deeds. The Committee was informed that the Ministry had since written to the Ministry of Lands to facilitate acquisition of the title deed for the Ministry.

The Controlling Officer also submitted that in order to enhance the process of title deed acquisition, an Inter-Ministerial Committee to facilitate the acquisition of title deeds for all government institutions was created. The Committee comprised representatives from the Ministry of Lands, Ministry of Works and Supply, and Ministry of Local Government.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to follow up the matter with the Ministry of Lands. The Committee will await a progress report on the engagement with the Ministry of Lands.

f. Infrastructure Development - Failure to Commission a Commercial Web Offset Printing Press

The Controlling Officer submitted that the installation of the Commercial Web Offset Printing Press was completed on 31st December, 2019. However, training and commissioning was awaiting the coming of the lead printer from the United States of America.

- The other components, namely, log stacker (bar code), stitcher with four stations, and the three knife trimmer were plug-in and play components, which would be plugged in at commissioning. With regard to 750 KVA standby generator set, this would be connected by the supplier at the time of commissioning.
- The rusting of the combination folder was attributed to non-use of the components.
- Regarding the outstanding amount of US\$211,429.37, the balance would be settled after commissioning, in accordance with clause 16.1 of General Conditions of Contract (GCC).

Committee's Observations and Recommendations

The Committee expresses concern that the components of web printing press are rusting due to non-use. In order to prevent further degradation on the equipment, the Committee urges the Controlling Officer to expedite the process of bringing of the lead printer from United States of America to facilitate training and commissioning of the equipment. The Committee will await a progress report on the matter.

MINISTRY OF DEFENCE - HEADQUARTERS

AUDIT QUERY	:	PARAGRAPH 24
PROGRAMME	:	Various
ACTIVITIES	:	Various

Audit Findings

29. An examination of accounting and other records maintained at the Ministry headquarters and selected stations for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget–K290,026,833; Funding - K143,442,337; and Expenditure - K141, 458,943

The Controlling Officer submitted that a total provision of K290,026,832.71 was made available in the Estimates of Revenue and Expenditure for the Financial Year ended 31st December, 2019, for various programmes. Of this amount, only a total of K143,442,337 was released, leaving a balance of K146,064,726.36. The Controlling Officer further submitted that an amount totalling K141, 458,943 was spent from the released amount leaving a balance of K1,955,000 as unspent funds. The Controlling Officer stated that the unspent funds were carry over funds from the financial year ended 31st December, 2018. The Ministry sought authority to retain the funds from the Secretary to the Treasury and it was granted.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification, subsequent to

which the matter should close. The Committee further emphasises the need for the Secretary to the Treasury to urgently address the issue of underfunding of the Ministry and ensure that it is funded in line with the budget approved by Parliament.

b. Failure to Produce Activity Reports

The Controlling Officer submitted that some officers who were cited for not having produced reports as individuals at the time of audit had produced group reports which were availed to the auditors. The Controlling Officer further submitted that some of the activity reports could not be accessed at the time of audit due to the nature of the activity and the sensitivity of the reports. However, some officers had been charged for not submitting the reports. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed that the Ministry failed to provide relevant information to the auditors at the time of audit. The Committee therefore, recommends that disciplinary action should be instituted against the officers who failed to provide information relating to the production of the reports for audit. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

c. Procurement of Goods and Services – Supply, Delivery, Installation and Commissioning of Oxygen Plant – Maina Soko Hospital

The Controlling Officer submitted that his office had written to the Commandant, Maina Soko Military Medical Centre, requesting for an explanation on the non-delivery of the oxygen plant. In addition, the Controlling Officer had written to the Ministry of Justice to seek legal advice on how to proceed with the contract, taking into account the passage of time and failure to meet the contractual obligations by the Ministry of Defence because the Ministry of Finance had not prepared the letter of credit. Furthermore, the Ministry had written to the Secretary to the Treasury to expedite the issuance of the letter of credit. The Ministry of Finance responded indicating that the request on the issuance of the letter of credit would be considered in the 2021 financial year, funds permitting and that the Ministry of Defence should prioritise this expenditure.

Committee's Observations and Recommendations

The Committee notes with concern that the performance of this contract has delayed. The Committee further bemoans the fact that while 38 per cent of the total contract sum had been paid to the supplier, no practical benefit had been conferred upon the Ministry as the supplier had not undertaken any activity relating to the performance of the contract.

The Committee urges the Secretary to the Treasury to ensure that the Ministry of Defence performs its obligations under the contract by releasing the required funding for the contractor to deliver the oxygen plant. The Committee resolves to await a progress report on the matter.

d. Contract for Restoration and Upgrading of the Production Line - Mupepetwe Engineering and Constructing Company

The Controlling Officer informed the Committee that the contract between Mupepetwe Engineering and Constructing Company (MECCO) and China North Industries Corporation (NORINCO) was still valid. The Ministry of Defence had received funding from the Ministry of Finance towards the re-capitalisation of MECCO in amounts totalling

K51,416,666 in the financial year ended 31st December, 2020 and payments had since been made to NORINCO. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is concerned that this contract dates back to 2013 and seven years later the contract has still not been performed. The Committee is further concerned that part of the equipment that has been delivered risks becoming obsolete and therefore, calls upon the Secretary to the Treasury to provide the requisite funding to the Ministry of Defence and ensure that the contract is performed in full by both parties. The Committee resolves to await a progress report on the matter.

e. Failure to Secure Title Deeds

The Controlling Officer informed the Committee that the Ministry had engaged the Ministry of Lands and Natural Resources so that the title deeds could be secured for Northern Command Military Hospital and MECCO. Further, following the advice of the Commissioner of Lands, the Ministry had authorised the cited institutions to engage the appropriate local authorities and traditional leaders to initiate the process of securing title deeds. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer for the lapse and urges him to ensure that the titles are secured without fail. The Committee resolves to await a progress report on the matter.

f. Infrastructure Development

i. Rehabilitation and Upgrading of Maina Soko Medical Centre

• Failure to Provide Information for Audit

The Controlling Officer informed the Committee that the Ministry was not in the position to provide some of the requested information at the time of audit because the financing arrangement, bank selection and repayment modality for all financing agreements were done by the Ministry of Finance. The Controlling Officer stated that his office had written to the Secretary to the Treasury requesting documentation and the information had since been availed. Furthermore, at the time of updating the Ministerial Procurement Plan, the project was included in the Plan. The bank advance guarantee was available for verification.

Committee's Observations and Recommendations

The Committee is disappointed that the Ministry failed to provide relevant information to the auditors at the time of audit. The Committee therefore, recommends that disciplinary action should be instituted against the officers who failed to provide the information. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

ii. Construction of the 6th Construction Engineer Regiment

□ Failure to Issue Performance Security

The Controlling Officer informed the Committee that the Ministry had written to the Attorney General to propose the amendment to include the performance bond clause which was initially omitted and authority had been granted. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee observes that the procurement regulations are clear on the need to request a performance security for contracts that are above a certain threshold. The Committee cautions the Controlling Officer to desist from flouting the regulations. The Committee recommends that the Controlling Officer should institute disciplinary action against the officers responsible for this omission. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

☐ **Questionable Waiver of Advance Payment Guarantee**

The Controlling Officer informed the Committee that the contract signed required 15 per cent advance payment to the contractor to be paid by the Government while the 85 per cent was being financed through a financing agreement. However, the Treasury did not honour the 15 per cent advance payment as stipulated in the contract due to lack of fiscal space. The 15 per cent was therefore, sourced by the contractor through a financing agreement, resulting in the contract being 100 per cent loan financed. Furthermore, since this was not provided for in the contract, the Ministry had since written to the Office of the Attorney General for the provision of the addendum to cover 100 per cent funding. The addendum had since been approved and the waiver had been executed. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to avail all relevant documentation on the matter to the Office of the Auditor General for audit verification, subject to which the matter should close.

☐ **Failure to Provide Information for Audit**

The Controlling Officer informed the Committee that the financing arrangement and bank selection, and repayment modality for all financing agreements were done by the Ministry of Finance and therefore, the Ministry was not in a position to provide some of the requested information.

Regarding the payment details, the Ministry of Finance had provided the information. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and reiterates its earlier recommendation that the Controlling Officer should institute disciplinary action against the officers who failed to provide information to auditors at the time of audit. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

MINISTRY OF DEFENCE – ZAMBIA ARMY

AUDIT QUERY : **PARAGRAPH 25**
PROGRAMME : Various
ACTIVITY : Various

Audit Findings

30. An examination of accounting and other records maintained at the Zambia Army headquarters and selected stations for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget - K1,673,311,077; Funding - K1,604,328,788 ; and Expenditure – K1,594,222,652

The Controlling Officer informed the Committee that the Zambia Army received some funds towards the end of the year and therefore, it could not utilise all the funds in the financial year under review. However, authority to retain and utilise the unspent funds in the financial year ended 31st December, 2020 was sought and it was granted. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee also notes that the Zambia Army was underfunded by K68,982,289 and, therefore, urges the Secretary to the Treasury to fully fund the Zambia Army in accordance with the approved budget. The Committee resolves to close the matter.

b. Procurement of Goods and Services – Undelivered Fuel - K12,023

The Controlling Officer informed the Committee that the Zambia Army had written to Petroda in a letter ZCT/Q28 dated 18th February, 2020 to claim the unsupplied fuel. However, the company had not actioned the claim because the Zambia Army was owing the supplier in unsettled bills. A possible debt swap to reduce the indebtedness to Petroda was discussed during a second meeting held with Petroda management on 30th October, 2020. The matter had since been escalated to the Petroda Board of Directors for a decision. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

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

c. Failure to Report Accident Vehicles to the Board of Inquiry

The Controlling Officer informed the Committee that in accordance with the Zambia Army regulations all accident vehicles were reported to Army headquarters within twenty-four hours. This was done through the Notification of Traffic Accident (NOTITRAF) radio signal by the unit/formation where the vehicle belonged. A Board of Inquiry would then be convened to determine what exactly happened and subsequently engage the insurance company for repair or claim processing. The Controlling Officer further informed the Committee that two of the ten officers linked to the cited vehicles had since appeared before the Boards of Inquiry and banned from driving military vehicles until their cases were

disposed of. The NOTITRAFs for the remaining eight officers were available for audit verification.

Committee's Observations and Recommendations

Noting that action was only taken after the audit, the Committee cautions the Controlling Officer to desist from being reactive. The Committee also recommends that the Controlling Officer should institute disciplinary action against all officers who failed to report the road traffic accidents to the Board of Inquiry. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

d. United Nations Peace Keeping in the Central African Republic

i. Wasteful Expenditure – Purchase of Crown Heavy Duty Universal Knee Milling Machine

- ☐ **Delayed Delivery of the Equipment**
- ☐ **Questionable Certificate of Inspection**
- ☐ **Expired Warranty**
- ☐ **Failure to Use the Crown Heavy Duty Universal Knee Milling Machine**

The Controlling Officer submitted that the delay and failure to use the said machine was as a result of contractual processes. However, the contract for the supply and delivery of the machine was executed successfully.

The Controlling Officer stated that the Certificate of Inspection was issued after the machine was tested using conventional tools for similar machines. The commissioning was delayed till the tools for the machine were received. The Controlling Officer also submitted that the machine could still not be used because it required cutting tools which also needed a separate contract to be procured. This second contract for the accessories was executed successfully and the said tools had since been procured and delivered. The Controlling Officer stated that the milling machine was operational and being used for its intended purpose.

Committee's Observations and Recommendations

The Committee wonders why information was not provided to the auditors at the time of audit in order to resolve the query. In this vein, the Committee recommends that disciplinary action be taken against the officers who failed to provide this information to the auditors. The Committee further recommends that the Controlling Officer should avail all relevant documentation to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the matter.

ii. Failure to Supply and Deliver Mobile Field Kitchen and Raincoats

- **Delayed Payment of Advance**
- **Failure to Deliver Goods**
- **Failure to Issue Performance Security**

The Controlling Officer informed the Committee that the Ministry of Defence was in receipt of a letter from the Zambia Army, requesting the Ministry to vary the contract by removing the component of mobile field kitchens and adjust the total contract bid accordingly. The Ministry was therefore, in the process of undertaking a reconciliation of amounts paid, and delivered and undelivered items in order to effect the variation of the contract accordingly. Further, the Ministry had engaged the supplier in relation to the delivery of raincoats. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expedite the process of contract variation to avoid further delay of the performance of the contract. The Committee resolves to await a progress report on the matter.

iii. Supply of a Samil 100 Engine Type ADE-442

- **Failure to Deliver a Samil 100 Engine for Mercedes Benz Truck**
- **Failure to Recover Advance Payment Guarantee and Terminate the Contract**

The Controlling Officer informed the Committee that the delay in the supply of the Samil turbo charged engine with auxiliaries was attributed to the supplier who initially delivered a wrong engine incongruent to the agreed technical specifications. The supplier was therefore, instructed to take back the wrong engine and supply the correct one. The Controlling Officer stated that the Samil 100 benz turbo charged engine with auxiliaries had since been delivered and shipped to the Central African Republic to be fitted on the recovery vehicle. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to institute disciplinary action against the officers who failed to provide this information to auditors at the time of audit. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the matter.

MINISTRY OF DEFENCE – ZAMBIA AIRFORCE

AUDIT QUERY	:	PARAGRAPH 26
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

31. An examination of accounting and other records maintained at the Zambia Air Force headquarters and selected stations for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget - K1,071,194,416 ;Funding - K1,052,326,250; and Expenditure – K1,044,511,865

The Controlling Officer informed the Committee that the Zambia Air Force was unable to accomplish its objectives due to underfunding and hoped that in the future funding would improve to enable the Zambia Air Force accomplish its planned activities.

Committee's Observations and Recommendations

The Committee bemoans the underfunding of the Zambia Air Force as it has potential to disturb the effective implementation of programmes and activities. The Committee urges the Secretary to the Treasury to ensure that the funds allocated to ZAF in the budget are released in full in future. The Committee resolves to close the matter.

b. Procurement of Goods and Services

i. Supply and Delivery of 1,900 – Airmen’s Jerseys

□ Contracts without Approval of the Attorney General

The Controlling Officer informed the Committee that the Zambia Air Force acknowledged the Auditor General’s observations and had therefore, forwarded the contract to the Ministry of Justice for clearance. The Ministry of Justice had since approved the contract. The legal officer who caused the query had been reprimanded. The Controlling Officer further informed the Committee that the Jerseys had since been delivered. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure subject to presentation of the supporting documentation to the Office of the Auditor General for verification.

□ Failure to Avail Bank Guarantee and Deliver Goods

The Controlling Officer informed the Committee that the delay to deliver the goods was attributed to COVID 19 export challenges. The supplier L.W. Vass requested for an extension of the delivery time due to the stated challenge and the delivery time was extended to the fourth quarter of 2020.

Committee’s Observations and Recommendations

The Committee notes the Controlling Officer’s submission but is concerned that the Ministry failed to comply with the law relating to the provision of the advance bank guarantee. The Committee recommends that the Controlling Officer should ensure that there is compliance with the law in contract management. Further, disciplinary action should be instituted against the officers responsible for the lapse. The Committee resolves to await a progress report on the matter.

c. Management of Assets – Lack of Title Deeds for Properties

The Controlling Officer informed the Committee that the Zambia Air Force had continued to engage the Ministry of Lands and Natural Resources over the matter. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to continue following up the matter until the title deeds are secured. The Committee resolves to await a progress report on the matter.

d. Infrastructure Development – Construction of Ground Training (Samora Machel) – Delayed Completion and Hand Over of the Project

The Controlling Officer submitted that while the project received funding totalling K6,059,000 to construct a complete school. The lowest and highest quotes by contractors were about K40, 000,000 and K55,000,000, respectively. As a result ZAF decided to employ force accounting where by ZAF personnel were used to construct the school to reduce the cost. This contributed to the slow pace of construction.

The Controlling Officer further submitted that the nature of Mbala being a remote area affected the project greatly because most of the building materials had to be procured from

Lusaka. However, in order to speed up the construction, more manpower had been deployed and it was projected that construction of the school will be completed by June, 2021.

Committee's Observations and Recommendations

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

MINISTRY OF DEFENCE – ZAMBIA NATIONAL SERVICE

AUDIT QUERY : **PARAGRAPH 27**
PROGRAMMES : Various
ACTIVITIES : Various

Audit Findings

32. An examination of accounting and other records maintained at the Zambia National Service for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget - K1,039,344,312; Funding - K958,580,531; and Expenditure - K946,777,967

The Controlling Officer informed the Committee that the Zambia National Service was unable to accomplish its objectives due to underfunding and hoped that in future funding would improve.

Committee's Observations and Recommendations

The Committee bemoans the underfunding of the Zambia National Service (ZNS) as it has potential to disturb the effective implementation of programmes and activities. The Committee urges the Secretary to the Treasury to ensure that the funds allocated to ZNS in the budget are released in full in future. The Committee resolves to close the matter.

b. Operational Matter – Industries and Operations Account

The Controlling Officer submitted that the ZNS Land Development Branch would have appreciated to execute projects profitably. However, most of the projects undertaken by the Service were government related which were non-commercial with a small fraction of commercial undertakings. For government works, the Government provided fuels and allowances for personnel while other costs such as repairs and maintenance were borne by the Service.

Regarding the production unit, the Controlling Officer submitted that there were a number of factors that contributed to the observed losses. The major contributing factor was that ZNS purchased expensive fertiliser and other inputs on the open market despite being mandated to sell only to the Food Reserve Agency (FRA) at a price which was usually lower than the open market price to enhance national food security. This resulted in the Service making losses. For instance, in the 2018/2019 season, a total of 93,384 x 50kg bags were sold to the FRA and solar milling plants operated by ZCF at K110 when the prevailing market price ranged from K150 to K180, resulting in losses of between K3,735,360 and K6,536,880. The Service subsidised consumption while the production cost remained market driven. Further, the country experienced drought in the 2018/2019 farming season which affected the maize yield.

To mitigate the losses incurred in maize production, the Service through the Ministry of Defence had requested the Ministry of Agriculture to authorise it to access subsidised fertiliser through the Farmer Input Support Programme (FISP) in order to reduce the cost of production. The Service had budgeted for K72,500,773 for agriculture and industrial production in 2021 and was also increasing hectareage under irrigation with a view to maximising yield and revenue generation from crop production. The Service would further add value to the maize once the two milling plants in Monze and Mpika which were under construction became operational.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to follow up its request with the Ministry of Agriculture on the possibility of the Service accessing subsidised fertiliser through FISP. The Committee resolves to await a progress report on the matter.

c. Infrastructure Development

i. Construction of Perimeter Wall Fence-Kabwe Training School-Phase II

The Controlling Officer informed the Committee that the contractor was directed to refund the difference on the works done and the contractor agreed to pay back. The contractor had since paid K62,800 leaving a balance of K149,988.40 which would be paid between October and 31st December, 2020. In the latest update provided following his appearance before the Committee, the Controlling Officer submitted that the contractor had paid the outstanding amount.

The Controlling Officer further informed the Committee that the officer who certified the works before completion was severely reprimanded, suspended from certification of any projects for the period of six months and his appointment as Project Manager was revoked. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification subject to which the matter should be closed.

ii. Construction of an Ablution Block at the Zambia National Service Airport Farm

The Controlling Officer informed the Committee that the contractor was notified about the various works that had not been completed and he mobilised to site. The contractor had since completed the remaining works and a completion certificate was issued by the engineer after inspection. The officer who initially certified the works before completion was reprimanded. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification, subject to which the matter should be closed.

MINISTRY OF GENERAL EDUCATION

AUDIT QUERY	:	PARAGRAPH 28
DEPARTMENTS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

33. An examination of accounting and other records maintained at the Ministry headquarters and selected stations for the period under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget- K10,219,542,865; Funding - K8,842,161,152; and Expenditure- K8,841,516,682

The Controlling Officer stated that he had noted the Auditor General's observation on the underfunding of the Ministry of General Education.

Committee's Observations and Recommendations

The Committee notes the underfunding of the Ministry and it urges the Secretary to the Treasury to ensure that the releases to the Ministry match the budget allocations. The Committee resolves to close the matter.

b. Management of Payroll and Staff Related Matters

i. Introduction on the Payroll Without Authority

The Controlling Officer informed the Committee that the Ministry had retrieved the appointment letters for the cited officers under Mpulungu and Solwezi District Education Offices and these were available for audit verification. The Controlling Officer also stated that disciplinary action had been taken against the Provincial Education Officers for introducing officers on the payroll without authority.

Committee's Observations and Recommendations

The Committee expresses disappointment with the behaviour of the responsible officers in the two cited provinces who flouted the Terms and Conditions of Service for the Public Service with impunity. The Committee directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification, subject to which the matter should be closed.

ii. Unknown Officers Drawing Salaries

The Controlling Officer informed the Committee that three officers from North Western Province had all been identified and were working in different schools. Further, five out of the ten officers from Luapula Province were identified by their Head teachers, and the other five had their salaries blocked.

The Controlling Officer also informed the Committee that disciplinary action had been taken against the Provincial Education Officers for failure to identify the officers at the centre of the query. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes with disappointment the laxity of the Ministry in management on payroll issues which has resulted in loss of public funds. The Committee urges the

Controlling Officer to put measures in place to ensure that this query does not recur. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the matter.

iii. Irregular Payment of Allowances

• Housing Allowance

The Controlling Officer informed the Committee that the ineligible officers had their housing allowances delimited on the payroll system and recoveries had since been instituted. Furthermore, disciplinary action had been taken against the Provincial Education Officer for paying housing allowances to accommodated officers. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that the funds paid out as housing allowances are recovered without fail. The Committee also directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

• Rural and Remote Hardship Allowances

The Controlling Officer informed the Committee that the Ministry had effected recoveries through the payroll for Muchinga and Lusaka Provinces. However, the cited officers for Northern and Southern Provinces were deceased and were terminated from the payroll before recoveries could be effected. The recoveries from the two deceased officers would be made from their terminal benefits. The Controlling Officer also informed the Committee that disciplinary action had been taken against the Provincial Education Officers for the irregular payment of rural and remote hardship allowances to officers. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed yet again at the failure by the Ministry to adhere to the Terms and Conditions of Service for the Public Service No. 166 read together with Public Service Management Division (PSMD) Circular No. B6 of 2010. The Committee urges the Controlling Officer to ensure that the funds paid in form of rural and remote hardship allowances are recovered without fail. The Committee resolves to await a progress report on the matter.

• Responsibility Allowances – Kapiri Mposhi DEBS

The Controlling Officer informed the Committee that disciplinary action had been taken against the Provincial Education Officer for the irregular payment of responsibility allowance and recoveries had since been effected from officers who were not eligible. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that the funds paid in form of rural and remote hardship allowances are recovered without fail. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the matter.

- **Irregular Payment of Salaries to Seconded Officers**

The Controlling Officer informed the Committee that the Ministry through the Provincial Education Offices had since terminated the officers from the payroll. The Ministry had started engaging the officers who were irregularly paid the salaries to ensure that they paid back and some had started paying back. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee doubts the effectiveness of the Controlling Officer's measure of engaging individual cited officers in order to recover the irregularly paid salaries. The Committee urges the Controlling Officer to engage the various institutions where the officers were working on secondment to help recover the public funds through payroll. The Committee resolves to await a progress report on the matter.

v. Payment of Allowances Without Authority

The Controlling Officer informed the Committee that disciplinary action had been taken against the Provincial Education Officers for payment of allowances to officers without authority and recoveries had since been effected. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the matter.

vi. Failure to Remove Deserters from Payroll

The Controlling Officer informed the Committee that five officers from Luapula Province out of the eight cited officers resigned and their resignation letters had since been submitted to the Teaching Service Commission to formalise their exit.

Further, three officers from Western Province who actually deserted their stations had been recommended for dismissal and the recommendation submitted to the Teaching Service Commission. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed that the Ministry only acted following an audit query. The Committee urges the Controlling Officer to be proactive in dealing with payroll issues and ensure that this query does not recur and further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the matter.

vii. Delayed Removal of Separated Officers from the Payroll

The Controlling Officer informed the Committee that disciplinary action had been taken against the Provincial Education Officers for delayed removal of separated officers from the payroll. Further, the officers who were deceased and served less than twenty years were terminated from the payroll in accordance with the provisions of the PSMD Circular No. B1 of 2019. However, the officers who were separated through retirements were migrated to the separatees' payroll. The Ministry, through the Provincial Education Offices, terminated the officers who separated through resignations and dismissals and recoveries would be made from the terminal benefits. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is seriously concerned at the casual manner with which the Ministry manages the payroll, resulting in loss of public funds. The Committee does not for instance, understand why the Provincial Education Officers fail to act in order to remove deceased officers from the payroll once notified of a death. The Committee urges the Controlling Officer to ensure that the irregularly paid salaries are recovered without fail and that there are henceforth no delays in removing separated officers from the payroll. The Committee also directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the matter.

viii. Failure to Remove Convicted Officer from Payroll – Mansa DEBS

The Controlling Officer informed the Committee that the Provincial Permanent Secretary had recommended that salaries paid to the officer be recovered from his terminal benefits. Further, disciplinary action had been taken against the Provincial Education Officer for failure to remove the convicted officer from the payroll.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that the salaries paid are recovered without fail. The Committee resolves to await a progress report on the matter.

ix. Failure to Conclude Staff Disciplinary Cases

☐ **Livingstone District Education Board Secretary**

The Controlling Officer informed the Committee that the disciplinary case was submitted to the PSMD and the Ministry was awaiting feedback. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to institute disciplinary action against the PEO for Southern Province for failure to ensure that the staff disciplinary case was concluded without undue delay. The Committee resolves to await a progress report on the matter.

☐ **North-Western Province**

The Controlling Officer submitted that out of the eleven cases, five were resolved and concluded at the Province and three could not be processed at the time due to missing supporting documentation at district level. The Controlling Officer further submitted that the other two cases were referred back to the Province due to missing documentation, while the remaining case was for an officer who was dismissed. The Controlling Officer stated that the Ministry was making an effort to locate the missing documentation in order to conclude the cases. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

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

c. Accounting Irregularities

i. Failure to Collect School Fees - K9,609,764

The Controlling Officer informed the Committee that the Ministry had been engaging the provinces, schools and parents and guardians to collect user fees. The Controlling Officer further informed the Committee that it was Government policy to allow students to attend

classes even if they failed to pay the user fees especially at secondary school level. However, the Ministry had continued to engage parents and guardians, including entering into payment plans. The pupils were allowed to pay instalments until they finished paying. The collection of user fees was therefore, ongoing.

Committee's Observations and Recommendations

The Committee observes that school fees are a source of Government revenue, and therefore, contribute to the effective provision of education services by the Government. The Committee urges the Controlling Officer to devise effective measures aimed at ensuring that all fees are collected without fail. The Committee resolves to await a progress report on the matter.

ii. Failure to Disburse Grants to Schools

The Controlling Officer informed the Committee that disciplinary action had been taken against the cited Provincial Education Officers for failure to disburse grants to schools. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed that this query recurs every time the Ministry is audited and wonders whether the failure by the Ministry to address the matter permanently is genuine. The Committee, therefore, calls on the Secretary to the Treasury to devise measures to address the matter once and for all. The Committee also urges the Secretary to the Treasury to explore the possibility of transferring the funds directly to school accounts. The Committee resolves to await a progress report on the matter.

iii. Misapplication of Funds – K2,030,195

□ Ministry Headquarters

The Controlling Officer informed the Committee that authority was granted by the Secretary to the Treasury to vary funds from the Home Grown School Feeding Programme - grants and subsidy budgets to the recurrent departmental charges, the budget line for administration and operations. The Controlling Officer stated that the management and support budget line had been exhausted at the time, but had outstanding activities to be implemented. The secondary education budget line was utilised as a transit budget line.

The Controlling Officer also submitted that disciplinary action had been taken against the Head of Finance in the Ministry. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and expresses disappointment that the Ministry misapplied the funds related to secondary education, contrary to the Financial Regulations. The Committee urges the Controlling Officer to ensure that public funds are always spent on the activities for which they are appropriated by Parliament. Furthermore, any variations must have the prior approval of the Secretary to the Treasury. In addition, the Committee recommends that the Secretary to the Treasury should institute disciplinary action against the Controlling Officer for failure to ensure that public funds were spent on the activities for which they were appropriated by Parliament. The Committee resolves to await a progress report on the matter.

□ **Provincial and District Education Board Secretaries' Offices**

The Controlling Officer informed the Committee that disciplinary action had been taken against the eight cited Provincial Education Officers for misapplying the funds. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee reiterates that the Controlling Officer should ensure that public funds are always spent on the activities for which they are appropriated by Parliament and that any variations must have the prior approval of the Secretary to the Treasury. The Committee therefore, recommends that the Secretary to the Treasury should institute disciplinary action against the Controlling Officer for failure to ensure that the public funds were spent on the activities for which they were appropriated by Parliament. The Committee resolves to await a progress report on the matter.

iv. Missing Grade Four Literacy Books - Mpongwe District Education Board Secretary

The Controlling Officer submitted that the 343 books which were misplaced in the store room at the time of audit had since been retrieved and distributed. Furthermore, disciplinary action had been taken against the Provincial Education Officer for negligence. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and recommends that all relevant documentation be presented to the Auditor General for verification and awaits a progress report on the matter.

v. Failure to Collect Revenue – Solwezi Technical Secondary School

The Controlling Officer informed the Committee that the Provincial Education Office wrote to the tenants to ensure that the revenue was collected. The Controlling Officer further informed the Committee that the tenancy agreement, which was misplaced at the time of audit, had been retrieved. Furthermore, disciplinary action had been taken against the Provincial Education Officer for failure to collect revenue. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to also institute disciplinary action against the officers who failed to avail the tenancy agreement to the auditors at the time of audit. The Committee further directs the Controlling Officer to ensure that the outstanding rentals are collected without fail. The Committee resolves to await a progress report on the matter.

vi. Failure to Collect Rental Income – Ndola Provincial Education Office - K45,500

The Controlling Officer informed the Committee that amounts totalling K36,500 had since been collected, leaving a balance of K9,000. The Controlling Officer stated that the Ministry was making efforts to ensure that the balance was paid. The Controlling Officer further informed the Committee that disciplinary action had been taken against the Provincial Education Officer for failure to collect the rental income. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to ensure that the outstanding rentals are collected without fail. The Committee further directs the Controlling Officer to avail all relevant documentation relating to the rentals that have been collected to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the matter.

vii. Unsupported Payments - K41,699

The Controlling Officer informed the Committee that the supporting documents had since been retrieved and disciplinary action had been taken against the Provincial Education Officers for failure to ensure that payments were supported with relevant documentation. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to also institute disciplinary action against the officers who had misplaced the supporting documents and therefore, failed to avail them to the auditors at the time of audit. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the matter.

viii. Irregular Use of Accountable Imprest

The Controlling Officer informed the Committee that disciplinary action had been taken against the five Provincial Education Officers cited for irregular use of accountable imprest. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is dismayed that this query recurs year in year out and wonders whether the Ministry had undertaken any sensitisation of the responsible officers on the requirement to comply with Financial Regulation No. 86 (c) on the use of accountable imprest. The Committee, therefore, urges the Controlling Officer to ensure that responsible officers in the Ministry are sensitised on the need to adhere to Financial Regulation No. 86 (c). The Committee resolves to await a progress report on the matter.

ix. Unaccounted for Funds - K41,124

The Controlling Officer informed the Committee that disciplinary action had been taken against the Provincial Education Officers for financial misconduct. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the unaccounted for funds of K41,124 are accounted for or recovered without fail. The Committee will await a progress report on the matter.

x. Failure to Submit Expenditure Returns for School and Orphaned and Vulnerable Children (OVC) Grants

The Controlling Officer submitted that the expenditure returns had since been retrieved and disciplinary action had been taken against the three cited Provincial Education Officers for failure to submit expenditure returns for schools and orphaned and vulnerable children grants. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

xi. Irregular Contributions by Schools – Solwezi Provincial Education Office

The Controlling Officer informed the Committee that disciplinary action had been taken against the Provincial Education Officer, North Western Province, for allowing irregular contributions by schools.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that this query does not recur. The Committee, however, resolves to close the matter.

d. Management of Stores – Unaccounted for Stores

The Controlling Officer informed the Committee that disciplinary action had been taken against the four Provincial Education Officers for failure to account for stores. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that disciplinary action is also taken against the officers responsible for the lapse at the cited stations. The Committee further urges the Controlling Officer to ensure that the stores are accounted for without further delay. The Committee resolves to await a progress report on the matter.

e. Management of Assets**i. Failure to Secure Title Deeds**

The Controlling Officer informed the Committee that the Ministry had engaged the Ministry of Lands and Natural Resources for the issuance of title deeds for the cited public properties. Further, the illegal settlers who encroached on the Solwezi Technical Secondary School land were written to by the Ministry through the Provincial Office to ascertain who allocated the land to them and the matter was being followed up. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee calls upon the Controlling Officer to give the two issues the attention they require and follow up the matter to ensure that the issues are resolved. The Committee awaits a progress report on the matter.

ii. Uninsured Motor Vehicles

The Controlling Officer informed the Committee that all the vehicles and motor cycles under Northern and Luapula Provinces had since been insured. The Controlling Officer explained that the insurance of motor vehicles was not done at the time of the audit in Southern Province due to inadequate and delayed funding. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee contends that the importance of insuring motor vehicles cannot be over emphasised. The Committee urges the Controlling Officer to prioritise the insurance of

vehicles in order to comply with the law and avoid non compensation for loss. The Committee also directs the Controlling Officer to avail all relevant documentation relating to the insurance of vehicles and motor cycles under Northern and Luapula Provinces to the Office of the Auditor General for audit verification.

Regarding the motor vehicles and cycles in Southern Province, the Committee urges the Controlling Officer to ensure that they are insured without fail. The Committee resolves to await a progress report on the matter.

iii. Failure to Mark Animals – Malcolm Moffat College of Education

The Controlling Officer informed the Committee that forty-eight animals consisting of twenty-four sheep and twenty-four cattle at Kabanda Campus Farm had been tagged and were available for physical verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that the query does not recur. The Committee resolves to close the matter subject to audit verification.

iv. Failure to Insure Animals – Malcolm Moffat College of Education

The Controlling Officer informed the Committee that the animals had since been insured and documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes with disappointment that the animals were only insured following the loss of sixteen uninsured animals, which could have been prevented. The Committee cautions the Controlling Officer for this lapse and urges him to take a proactive approach towards the insurance of animals and not wait for loss of animals or an audit. However, the Committee recommends the matter for closure subject to presentation of all relevant documentation to the Office of the Auditor General for verification.

vi. Missing Motor Vehicle Engines

□Solwezi Technical Secondary School

The Controlling Officer informed the Committee that the Ministry had written to the Controller of Government Transport to ensure that the engine was valued by a Government valuator so that the erring officers could be charged for the loss. Furthermore, disciplinary action had been taken against the Head teacher and the case had been reported to the law enforcement agencies.

Committee's Observations and Recommendations

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

□Solwezi College of Education – Missing Motor Vehicle Engine

□Solwezi College of Education - Cannibalisation of Motor Vehicle

Missing Motor Vehicle Engine

The Controlling Officer informed the Committee that disciplinary action had been taken against the Provincial Education Officer and the case had been reported to the law enforcement agencies. Supporting documentation was available for audit verification.

Cannibalisation of Motor Vehicle

The Controlling Officer informed the Committee that parts of the vehicle were used to repair another motor vehicle which was a runner though authority was not obtained from the Ministry of Works and Supply to cannibalise the cited motor vehicle. Furthermore, disciplinary action had been taken against the Provincial Education Officer for the cannibalisation of the motor vehicle. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee awaits a progress report on the investigations by the law enforcement agencies relating to the missing engine at Solwezi College of Education.

With regard to the cannibalised vehicle, the Committee cautions the Controlling Officer to desist from undertaking such activities without authority. The Committee further wishes to establish whether the Ministry was compensated following the road traffic accident involving the cannibalised vehicle. The Committee awaits a progress report on the matter.

f. Management of Liabilities.

i. Failure to Remit Tax - K155,114

The Controlling Officer informed the Committee that the failure to remit taxes and third party payments was due to financial challenges faced by the institutions.

However, the Ministry was committed to ensuring that the funds were remitted to the ZRA. Out of the total amount of K155,114, a total sum of K7,398 had since been remitted to the ZRA, leaving a balance of K147,716. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer to desist from breaking the law by failing to remit taxes that were already deducted. The Committee urges the Controlling Officer to ensure that the tax due is remitted to ZRA without fail. The Committee resolves to await a progress report on the matter.

ii. Wasteful Expenditure – National Pension Scheme Authority Penalties

The Controlling Officer submitted that during the period under review, Malcom Moffat College of Education and Nchelenge Secondary School failed to meet the monthly payment deadlines of contributions deducted from employees' earnings to the National Pension Scheme Authority (NAPSA), resulting in penalty fees. The Controlling Officer explained that the penalty charges arose as a result of the reduction in user fees which posed challenges in terms of collection of revenue. The Controlling Officer also submitted that disciplinary action had been taken against the three cited Provincial Education Officers for financial misconduct.

Committee's Observations and Recommendations

The Committee reminds the Controlling Officer that the failure to remit the National Pension Scheme contributions timely attracts penalty and could lead to prosecution in line with the law. The Committee therefore, urges the Controlling Officer to ensure that contributions are remitted timely and that the outstanding contributions are remitted to NAPSA without further delay in order to avoid accruing more penalties. The Committee resolves to await a progress report on the matter.

MINISTRY OF LANDS AND NATURAL RESOURCES

AUDIT QUERY	:	PARAGRAPH 29
DEPARTMENTS	:	Various
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

34. An examination of accounting and other records maintained at the Ministry headquarters for the period under review revealed the several irregularities, to which the Controlling Officer submitted as set out below.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2019, a provision of K230,093,729 was made to cater for the operations of the Ministry, against which amounts totaling K99,786,252 were released, resulting in an under funding of K130,307,477. As at 31st December 2019, amounts totaling K96,056,998 had been spent.

In view of the foregoing, the Controlling Officer submitted that the underfunding and the resultant adverse effect on programme implementation was acknowledged. The Ministry would continue to engage the Treasury to increase funding for effective programme implementation.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to be coming up with realistic annual estimates of revenue. The Committee resolves to close the matter.

b. Management of Information and Communications Technology Systems Lack of Continuity and Disaster Recovery Plans.

The Controlling Officer submitted that all data on ZILMIS was backed up by the designers of the system in Israel. As part of the development of an online payment system for Ground Rent, ZILMIS data had been backed up with SMART Zambia Institute.

The Committee was informed that the Disaster Recovery and Business Continuity Plan was being developed by the Ministry and would be available by 31st December, 2020.

Committee's Observations and Recommendations

The Committee will await a progress report on the matter.

c. Operational Matters

i. National Land Titling Programme

The Controlling Officer submitted that the 1,000,000 certificates of title planned for the year under review was an ambitious programme which was premised on the envisaged public private partnership which did not materialise. The contract with the consultant had since been signed. The Committee was informed that most of the funds released were applied on pre-requisite activities such as systems design and survey.

Committee's Observations and Recommendations

The Committee observes that land titling is a very important component in land management. In this regard, the Committee is concerned that the full implementation of the National Land Titling Programme is premised on a public private partnership. The Committee is of the view that this should be a priority programme and should be largely financed by the Government itself. In view of the foregoing, the Committee urges the Controlling Officer to engage the Secretary to the Treasury for requisite funding, to fully implement the programme. The Committee will await a progress report on the matter.

ii. Over Payment on Administrative Costs — Land Development Funds (LDF)- K125,686

The Controlling Officer submitted that the Ministry applied for authority for the expenditure which was used for monitoring and evaluation. The Committee was informed that the granted authority was available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to avail this information to the auditors at the time of audit. The Committee also urges that supporting documents on this matter be availed to the Office of the Auditor General for verification.

d. Management of Payroll and Staff Related Matters — Failure to Deduct Pension Contributions – K21,418

The Controlling Officer submitted that the casual workers had since been registered with NAPSA and were contributing, except those that had left the Ministry. Unfortunately, under the *National Pension Scheme Act, No. 40 of 1996*, retrospective registration of employees was not provided for.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to submit supporting documents to the Office of the Auditor General for verification. The Committee will await a progress report of the matter.

e. Failure to withhold VAT from Payments to Suppliers- K56,037

The Controlling Officer submitted that the Ministry paid gross sums to the oil marketing companies because the oil companies were giving fuel to the value of the payment without considering the VAT withheld, thereby resulting into double taxation. The Committee was informed that the Ministry had written to the ZRA to confirm remittance of the VAT made by the fuel suppliers, as the fuel stations had failed to avail the information.

Committee's Observations and Recommendations

The Committee observes that this information could have been availed to the auditors at the time of audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors. The Committee also urges the Controlling Officer to always ensure that VAT is withheld in line with the Treasury and Management Circular No. 6 of 2017. The Committee also urges the Controlling Officer to confirm with the ZRA if a remittance was made, failure to which, he should re-engage the Oil marketing companies. The Committee will await a progress report on the matter.

f. Accounting Irregularities — Inadequately Supported Payments- K34,914

The Controlling Officer submitted that the latest position was that all the supporting documents had been traced and were available for verification.

Committee's Observations and Recommendations

The Committee observes that this information could have been availed to the auditors at the time of audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors. The Committee also urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for verification.

g. Management of Stores — Unaccounted for Stores- K85,846

The Controlling Officer submitted that the latest position was that all the fuel had been accounted for and documentation was available for verification.

Committee's Observations and Recommendations

The Committee observes that this information could have been availed to the auditors at the time of audit. In this regard, the Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors. The Committee also urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for verification.

h. Operations of Zambia Forestry College

The Controlling Officer submitted that the Ministry acknowledged the underfunding to the college and the negative impact on the activities of the college. The Ministry would continue to engage the Ministry of Finance for improved funding.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that the College sets up robust income generating activities, to help cushion the financial challenges that the College is facing. The Committee will await a progress report on the matter.

An examination of financial and other records at the College revealed the following:

i. Failure to Insure Motor Vehicles

The Controlling Officer submitted that the vehicles could not be insured as the College did not have sufficient funds to cater for insurance. However, the vehicles had since been insured and the cover notes were available for verification.

Committee's Observations and Recommendations

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

ii. Management of Institutional Houses — Irregular Occupation of Institutional Houses by Non — Government Employees

The Controlling Officer submitted that the College had issued eviction notices to those that were occupying the houses illegally while making arrangements to accommodate the seven officers.

The Controlling Officer also submitted that the occupants purported that they were still in the houses because they had not yet been paid repatriation and the college had written to respective ministries for authentication.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to vigorously follow up the authentication process and finalise this issue. The Committee will await a progress report on the matter.

iii. Failure to Secure Title Deeds

The Controlling Officer submitted that the status quo on the ground was that the College was situated in the National Forest Number 16. National Forests were created under an Act of Parliament which was the *Forest Act, No. 4 of 2015*. As such, in order for the College to be on title, the area in question would have to be de-gazetted from the national forest. The College had applied for de-gazetion of part of the area of Mwekera National Forest number 16 and a response was being awaited.

Committee's Observations and Recommendations

The Committee will await a progress report on the de-gazetion of the college from Mwekera National Forest No.16 and the issuance of the title deeds for the College.

iii. Construction of a College Library

• Uncompleted Works

The Controlling Officer submitted that the works had since been completed and the interim certificate was available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for verification, subject to which the matter should close.

• Failure to Terminate the Contract

The Controlling Officer submitted that the contract had been fully executed and the Library was in operation.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to submit all relevant documentation to the Office of the Auditor General for verification, subject to which the matter should close

MINISTRY OF FISHERIES AND LIVESTOCK

AUDIT QUERY	:	PARAGRAPH 30
DEPARTMENTS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

35. An examination of financial and other records maintained at the Ministry headquarters, Provincial Fisheries and Livestock Coordinating Offices (PFLCOs) and selected District Fisheries and Livestock Coordinating Offices (DFLCOs) for the period

under review revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Budget - K1,171,709,231; Funding - K291,783,442; and Expenditure - K288,860,877

The Controlling Officer informed the Committee that while a provision of K1,171,709,231 was made to cater for the operations of the Ministry for the financial year ended 31st December, 2019, amounts totalling K291,783,442 were released, resulting in an under funding of K879,925,789. As at 31st December, 2019, amounts totalling K288,860,877 had been spent.

Committee's Observations and Recommendations

The Committee notes with concern the underfunding of the Ministry of Fisheries and Livestock. The Committee contends that it is not possible for the Ministry to implement programmes and activities effectively when only about 25 per cent of the budgeted funds are released during a particular financial year. The Committee, therefore, urges the Secretary to the Treasury to urgently address the matter and ensure that the releases to the Ministry are in line with the funds appropriated by Parliament. The Committee resolves to await a progress report on the matter.

b. Procurement of Goods and Services

i. Failure to Withhold Value Added Tax from Procurements - K45,269

The Controlling Officer informed the Committee that after reconciling the VAT payable to ZRA, it was established that the actual VAT due was K 49,525.16 and not K 45,269 of which VAT amounting to K 32,938.87 was withheld and remitted to ZRA leaving a balance of K16,586.29. This amount was not withheld but paid erroneously to the suppliers. The balance of K16,586.29 had since been remitted to ZRA by the affected suppliers as evidenced by the VAT tax clearance certificates for 2020.

The officer responsible for this omission had since been charged and cautioned. Further, the officers had been re-trained, and controls put in place to ensure that VAT was deducted and remitted to ZRA. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken and recommends the matter for closure subject to presentation of the supporting documentation to the Office of the Auditor General for verification.

ii. Unretired Accountable Imprest - K 53,520

The Controlling Officer informed the Committee that the retirement details for the imprest were misplaced by the officers and had since been traced. Further, the officers had been warned for not providing the retirement details to the auditors at the time of the audit. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee recommends that disciplinary action should be instituted against the officers who failed to provide information relating to the retirement of accountable imprest at the time of audit. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification. The Committee resolves to await a progress report on the matter.

iii. Wasteful Expenditure – Failure to Utilise Insecticides

The Controlling Officer informed the Committee that the aerial exercise could not be undertaken in 2019 because the Ministry was unable to pay the contractor for hire of the aeroplane due to inadequate funding from the Treasury. The Ministry had only paid 13 per cent of the 25 per cent required for the contractor to commence the aerial spraying activity. The Ministry had on several occasions requested for funding from the Treasury in an effort to ensure that the exercise was undertaken. The Controlling Officer also informed the Committee that the Ministry engaged the supplier regarding the expired insecticides. The contractor committed to rejuvenating the insecticides to the desired level of potency. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes with concern the delay by the Ministry to undertake the aerial spraying despite having entered into a contract for that purpose. The Committee is also concerned that the delay has resulted in the insecticides expiring, making the expenditure wasteful despite the supplier promising to rejuvenate the insecticides to the desired level of potency.

The Committee urges the Controlling Officer to prioritise this activity and ensure that it is completed in the 2021 financial year. The Committee also directs the Controlling Officer to seek authority for variation of funds to accommodate the aerial spraying activity. The Committee resolves to await a progress report on the matter.

iv. Contract with Botswana Vaccine Institute (BVI)

• Failure to Perform Pre-inspection Tests on Delivered Vaccines

The Controlling Officer submitted that the pre-inspection and physical inspection tests were done at the time of delivery of the vaccines at Central Veterinary Research Institute (CVRI). The inspection certificate was availed to the auditors for scrutiny. In addition, independent certification was done by PANVAC, a continental body of the African Union where CVRI is affiliated. PANVAC oversaw all vaccine producing laboratories in Africa. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification, subject to which the matter should be closed.

• Unaccounted for Vaccines

The Controlling Officer informed the Committee that the disposal details for the 323,000 doses were available and the responsible officer who delayed to provide the disposal details from the seven cited districts was charged. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for audit verification, subject to which the matter should be closed.

c. Management of Payroll and Staff Related Matters

i. Irregular Payment of Rural Hardship Allowances – K 27,950

The Controlling Officer informed the Committee that the irregularly paid rural hardship allowances were being recovered and had been normalised. The Controlling Officer stated

that the Ministry was training Human Resource Officers and payroll users in the provinces in human resource and payroll processes to address future payroll related irregularities. Supporting documentation was available for audit verification.

ii. Irregular Payment of Housing Allowance - K257,815

The Controlling Officer informed the Committee that the Ministry had written to PMEC to block the payments of housing allowances. The Ministry had embarked on verification in the provinces to address this irregularity. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to institute disciplinary action against the officers who approved the payment of rural hardship and housing allowances to non-eligible staff and the officers who failed to report the anomaly on their pay slips. The Committee further directs the Controlling Officer to avail all relevant documentation to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the matter.

iii. Irregular Payment of Salaries to an Officer Absent from Duty Without Leave-Vubwi DFLCO – Eastern Province - K107, 232

The Controlling Officer informed the Committee that the cited officer was paid the stated salaries erroneously between January and August, 2019 following his appointment as an officer in the Zambia Army. The officer was serving in the Zambia Army and the Ministry had since written to the Permanent Secretary, Ministry of Defence, to recover the irregularly paid salaries. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to follow up the matter and ensure that the funds paid to the officer are recovered without fail. The Committee further directs the Controlling Officer to mete out disciplinary action against all officers in his Ministry who were responsible for this irregularity, including the supervisors who approved these payments. In addition, the Committee directs the Controlling Officer to facilitate the disciplining of the officer who received these salaries for failure to report the anomaly as that amounted to dishonesty. The Committee resolves to await a progress report on the matter.

d. Accounting Irregularities

i. Lack of Safe Facilities – North Western Province

The Controlling Officer informed the Committee that the Ministry had written to the Ministry of Finance to request for safes. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report on the provision of the safes by the Ministry of Finance.

ii. Delayed Banking of Revenue

The Controlling Officer informed the Committee that the revenue collectors failed to adhere to financial regulations as they were non-accounting officers. The Provincial Fisheries and

Livestock Coordinators for Muchinga and Copperbelt Provinces had been charged for not ensuring that revenue collected was banked as required by Financial Regulation No.121 (1). Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer to desist from condoning any delayed banking of revenue as it is simply an opportunity for misappropriation of public funds. The Committee urges the Controlling Officer to ensure strict adherence to Financial Regulation No.121 (1). The Committee further urges the Controlling Officer to request for trained accounting staff and ensure that this query does not recur. The Committee resolves to await a progress report on the matter.

iii. Unsupported Payments - K68,290

The Controlling Officer informed the Committee that the Accounting Officer for Chibombo District who was responsible for ensuring that payments were supported deserted the office and thus supporting documents could not be availed to the auditors at time of the audit. Disciplinary action had been instituted against the officer and he had since been suspended.

Regarding Lavushimanda District Fisheries and Livestock Office and Mbesuma Breeding Centre, the documents to support the payments were availed to the auditors at the time of the audit. However, supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to await a progress report on the issue relating to Chibombo District. With regard to Lavushimanda District Fisheries and Livestock Office and Mbesuma Breeding Centre, the Committee resolves to close the matter subject to audit verification.

iv. Unretired Accountable Imprest – Chibombo DFLCO - K49,735

The Controlling Officer informed the Committee that imprest was not retired because, as alluded to earlier, the Accounting Officer for Chibombo District who was issued with the imprest deserted the office. Disciplinary action had been instituted against the officer. Supporting documentation was available for audit verification.

v. Unaccounted for Funds – Chibombo – Central Province

The Controlling Officer informed the Committee that as alluded to earlier the Accounting Officer at Chibombo Office deserted the office without handing over the documents and therefore, it was not possible to account for the funds. Disciplinary action had since been instituted against the officer. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission in queries number iv and v above and resolves to await a progress report on the retirement of imprest and availability of expenditure details relating to the unaccounted for funds at Chibombo District Fisheries and Livestock Office.

vi. Irregular Payment of Subsistence Allowance – Muchinga Province - K132,683

The Controlling Officer informed the Committee that subsistence allowances in amounts totalling K132,683 were paid to officers based on the authority obtained from the Permanent Secretary, Muchinga Province for the officers to camp and spend nights away from the

station as they conducted the fishers registration and licensing. In addition, based on the authority given by the Secretary to the Treasury in 2017, the officers were paid subsistence allowances.

Committee's Observations and Recommendations

The Committee notes the submission and recommends the matter for closure subject to presentation of the supporting documentation to the Office of the Auditor General for verification.

e. Management of Assets

i. Failure to Insure Motor Vehicles and Motorcycles

The Controlling Officer informed the Committee that the motor vehicles and cycles in the provinces were not insured because of inadequate funding received by the Ministry. However, the Provincial Fisheries and Livestock Officers had been directed to prioritise the payment of insurance.

Regarding the non-compensation for the stolen motorcycle, the Ministry was waiting for the Accident Committee's decision for further action. The Provincial Fisheries and Livestock Officer for Eastern Province had since been charged for delaying to report the matter to the Office of the Permanent Secretary and the Accident Committee. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that the vehicles and motorcycles are insured without fail. Further, the Ministry should in future prioritise payment of insurance and budget for funds required to insure vehicles to avoid non-compensation in case of loss. The Committee resolves to await a progress report on the matter.

ii. Failure to Operationalise Regional Laboratory – North Western Province

The Controlling Officer informed the Committee that the laboratory was operational although not at full capacity. Following its completion in 2017 the laboratory was issued with some basic equipment and laboratory materials for use in carrying out laboratory tests. In addition, the Ministry attached six trained Assistant Laboratory Technicians to be stationed at the Solwezi Regional Laboratory to operationalise it.

The Controlling Officer further informed the Committee that the laboratory was not operating at its full capacity because the Ministry had not yet received the approved establishment structure from the PSMD for regional laboratories to enable the Ministry to employ the staff needed to fully operationalise the laboratory. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and directs the Controlling Officer to follow up the matter of the establishment structure with PSMD. The Committee resolves to await a progress report on the matter.

iii. Failure to Claim Compensation for Insured Animals – Mbesuma Breeding Centre - Chinsali District

The Controlling Officer informed the Committee that Mbesuma Breeding Centre had processed the insurance claims for the four insured cattle. The ranch had been compensated for one animal and was awaiting compensation for the other three animals. As for the other three animals that died in March 2019, the ranch had not insured them and therefore, there was no compensation. However, all the cattle at the ranch had been insured from August 2019. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Controlling Officer to ensure that Mbesuma Breeding Centre is compensated for the remaining three insured animals without undue delay. The Controlling Officer should further ensure that the animals are insured at all times to avoid non-compensation in case of loss as was the case with the three animals that died in March, 2019. The Committee resolves to await a progress report on the matter.

MINISTRY OF AGRICULTURE

AUDIT QUERY	:	PARAGRAPH 31
DEPARTMENTS	:	Various
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

36. An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Agriculture Coordinating offices (PACOs), selected District Agriculture.

(a) Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2019, a provision of K5,213,434,633 was made to cater for operations of the Ministry, against which amounts totalling K1,865,970,074 were released, resulting in an under funding of K3,347,464,558. As at 31st December 2019, the Ministry had spent K1,789,489,872.

In view of the foregoing, the Controlling Officer submitted that the Ministry of Agriculture was indeed underfunded during the year under review. The Committee was informed that about 70 per cent of the funded amount was meant for Farmer Input Support Programme (FISP), while 30 per cent was for other programmes, including Personal Emoluments. The Committee was also informed that the amounts released were inadequate to enable the Ministry implement planned activities and this resulted in the failure to pay other Personal Emoluments such as payments of terminal benefits for retirees and deceased cases, as well as Recurrent Departmental Charges.

The Controlling Officer also submitted that the Ministry would continue engaging the Treasury to fund the planned activities regularly.

Committee's Observations and Recommendations

The Committee notes the response on the matter and urges the Controlling Officer to be coming up with realistic annual estimates of revenue. The Committee resolves to close the matter.

(b) Ministry Headquarters – Farmer Input Supply Programme (FISP)

(i) Direct Input Supply

• Procurement of Seeds

○ Failure to Deliver Inputs

The Controlling Officer submitted that the seeds which were not delivered were legume seeds. Two contracted suppliers were not able to supply the full contracted quantities of the legume seeds due to delayed issuance of financing instruments by Ministry of Finance and the drought experienced in the 2018/2019 season. The Committee was informed that the 27,309.44 metric tonnes quoted by the audit was an estimated amount as per FISP guidelines. For the 2019/2020 farming season, the contracted quantity was 21,126.36 metric tonnes, of which 20,201.36 metric tonnes were delivered, leaving 925 metric tonnes undelivered. The Committee was also informed that eight out of the ten suppliers contracted delivered, with an exception of Farmers□Barn Limited and Zambia Seed Company. The Committee was also informed that the financing instrument for Farmers□Barn Limited was issued late, way after the planting date for seed, especially legumes. The Controlling Officer also submitted that Zambia Seed Company (ZAMSEED) wrote to the Ministry that they were unable to supply due to the 2018/2019 drought experienced in most parts of the country, which negatively affected their seed production. The Committee was informed that ZAMSEED proposed to replace the seeds with a different variety. The Committee was further informed that after consultations with Seed Control and Certification (SCCI), the replacement seed was not viable, therefore, the Ministry rejected the proposal, hence the company under supplied.

The Controlling Officer also submitted that as a Ministry, the challenge of delayed issuance of the financing instrument was beyond its control. The Committee was, however, informed that in 2020/2021 season, suppliers were contracted early in May, 2020 and the financing instruments were issued on time by 13th November, 2020. The Committee was also informed that the Ministry would endeavour to contract suppliers early as well as engage the Treasury in good time to avoid delayed issuance of financial instruments. The Committee was further informed that the supplier only delivered what was accepted hence the reduction in quantities and this was what was only paid for.

Committee's Observations and Recommendations

The Committee expresses concern that the Controlling Officer is only seen to be putting progressive measures in place after the audit process. The Committee also notes that the information provided could have been availed to the auditors at the time of audit. The Committee, therefore, urges the Controlling Officer to be proactive and ensure that the delivery of seed to vulnerable farmers is not disrupted. The Committee also urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for verification, subsequent to which the matter should close.

○ Failure to Conduct Inspections and Tests

The Controlling Officer submitted that the inspection tests were conducted upon delivery and accepted by the Ministry. The tests were not done after delivery by the supplier to the districts due to the fact that when the inspections and tests were done at the time of acquiring the seed, the seed was viable for a period of nine months before expiry. Seed meant for sale on the market or supply to FISP was tested by SCCI and according to international standards.

The Committee was informed that the procedure used for obtaining analysis for seed was as follows:

1. samples were obtained from various seed lots by seed inspectors or seed samplers and taken to seed testing facilities for lab tests;
2. upon receipt at the seed testing laboratory, various tests were conducted to ascertain the quality of the seed;
3. upon completion of tests, seed analysis results were made available and clients which included seed companies, were then required to pay for the services;
4. seed lots that met minimum laboratory standards were then allowed to be commercialised; and
5. the results of the analyses (seed certificates) were valid for a period of nine months.

In addition to the above procedures;

1. seed companies supplying seed to various districts under FISP, ensured that seed was transported and delivered in good condition; and
2. seed left over, over a particular season were re-sampled and re-tested before it could be re-offered for sale in the next season.

The Controlling Officer also submitted that the Ministry had written to the Ministry of Justice to revise the provision in the contract that required the supplier to test the seed after delivery.

Committee's Observations and Recommendations

The Committee is concerned and wonders why the provision to test seed after delivery was included in the contract in the first place and why the Ministry has not taken measures to have it removed before the query was raised. The Committee sternly cautions the Controlling Officer against being reactive and calls upon him to be proactive. The Committee calls upon the Controlling Officer to vigorously pursue the revision of the contract and will await a progress report on the matter.

• Unaccounted for Inputs- K1,890,929

The Controlling Officer submitted that 3,674 bags of inputs, which were unaccounted for at the time of audit, were delivered to the districts, but were stolen at the warehouse where they were being stored.

The Controlling Officer also submitted that in all the three cases, the matter was reported to the Police and investigations were still going on. The Committee was informed that in Katete, six 50kg bags of seed were found behind the warehouse where the break in occurred and handed back to the DACO, whilst investigations for the remaining inputs were still in progress. The Committee was also informed that in Lufwanyama and Petauke, investigations by the police had continued. The Committee was informed that going forward, contracts with warehouse managers would include insurance cover and proper security to avoid theft.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail delivery notes to the Office of the Auditor General for verification. The Committee resolves to await a progress report on the police investigations.

• Failure to Supply Groundnut Seed – Mansa District

The Controlling Officer submitted that Farmers▯Barn Limited was not able to supply the full contracted quantities due to delayed issuance of financing instruments by the Ministry of Finance, which resulted in inadequate time for the supplier to source the seeds. The financing

instrument was issued in January, 2020 which was way after the planting date for seed, especially legumes.

The Controlling Officer also submitted that in future, the Ministry shall contract suppliers early and, therefore, engage the Treasury as soon as possible. The Committee was informed that in the 2019/2020 farming season, the contracts were done in August, 2019 while for 2020/2021 season, they were done in May 2020, thereby improving the delivery of inputs. The Committee was, however, informed that the supplier was only paid for what he delivered.

Committee's Observations and Recommendations

The Committee expresses concern that the Controlling Officer is only putting progressive measures in place after the audit process. The Committee finds this reactive stance by the Controlling Officer totally unacceptable. The Committee also observes that these explanations could have been availed to the auditors at the time of audit. The Committee, therefore, urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors. The Committee also urges the Controlling Officer to be proactive and ensure that all supporting documents are submitted to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

- **Failure to Deliver Inputs**

The Controlling Officer submitted that Zambia Seed Company (ZAMSEED) did not supply the required quantities of maize to Mansa District due to non-availability of the required variety. This was because the drought experienced in the previous season negatively affected their seed production.

The Controlling Officer also submitted that ZAMSEED was, accordingly, only paid for what they managed to deliver. Effective 2020, The Ministry would contract suppliers early, thereby allowing them to have enough time to procure the seed.

Committee's Observations and Recommendations

The Committee observes that these explanations could have been availed to the auditors at the time of audit. The Committee, therefore, urges the Controlling Officer to mete out disciplinary action against the concerned officers for failing to avail explanations during the audit and to ensure that all supporting documents are submitted to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

(ii) Management of Assets –

- **Failure to Insure Motor Vehicles**

The Controlling Officer submitted that the failure to insure vehicles at the time of audit was due to inadequate funding from the Treasury.

The Committee was informed that the Ministry had started insuring its motor vehicles. From a total of 105 uninsured vehicles, the Ministry had insured sixty seven vehicles. Nine vehicles were non- runners, leaving a balance of twenty nine vehicles to be insured. The Controlling Officer also submitted that the Ministry was committed to ensuring that all motor vehicles were covered as soon as funds were made available from the Treasury.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the remaining twenty-nine vehicles are insured without fail. The Committee also urges Controlling Officer to prioritise the insurance of vehicles to avoid losses in case of accidents. The Committee will await a progress report on the matter.

(c) Provincial and District Agriculture Coordinating Offices**(i) Management of Payroll and Staff Related Matters**

- Unknown Officers Drawing Salaries – Eastern Province- K904,328**

The Controlling Officer submitted that all the sixteen officers had been identified and eight were working in different stations within Eastern Province, while the other eight were working from other stations within the Ministry as tabled below. The Committee was informed that the Provincial Agricultural Coordinator had been cautioned to conduct regular reconciliations and adhere to rules and regulations pertaining to payroll management.

Table 15.0: Salaries Paid to Unknown Officers

S/No	Emp_Name	Emp_No	Position	Current Station
1	Jacklyn Kawana	00237447	Agricultural Supervisor	Katete
2	Joseph Phiri	00134465	Agricultural Assistant	Katete
3	Edwin Sakala	00237457	Agricultural Supervisor	Katete
4	Kankuli Kankuli	00171064	Agricultural Assistant	Sinazongwe
5	Thresa Bwalya	00104652	Agricultural Assistant	Katete
6	Peter Bononge	00152139	Water Dev. Officer	Mambwe
7	Brian Sialubala	00183506	Veterinary Assistant	Monze
8	Peter Mwape	00171083	Agricultural Assistant	Katopola
9	Josephine Nambozi	00101952	Agricultural Assistant	Chibombo
10	Nzala Kalimbika	00277686	Tech Research Assistant	Mochipapa
11	Dorothy Nkonga	00316465	Agricultural Assistant	Kasama
12	Pearson Mutamba	00323091	Agricultural Assistant	Chadiza
13	Carol Banda	00256744	Agricultural Assistant	Kasama
14	Isaac Phiri	00104672	Agricultural Assistant	Popota
15	Lackson Mazyopa	00237688	Agricultural Assistant	Kabwe
16	Willie Phiri	00171121	Assistant District Ma	Chipata

The Controlling Officer also submitted that fifteen out of the sixteen officers had been identified and placed on the correct payroll areas, while one officer had been identified but efforts were being made to establish her physical work station where she was transferred to. However, her salary has been blocked with effect from October, 2020.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put measures in place to augment the internal audit structures at the Ministry, in order to help identify and rectify such irregularities before the external audit is conducted. The Committee also urges the Controlling Officer to ensure

that supporting documents on this matter are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

- **Salary Overpayment due to Wrong Salary Scale – Copperbelt Province- K223,446**

The Controlling Officer submitted that the Civil Service Commission had conveyed the promotion to the officer, effective July, 2020 and the officer had been informed about the over payment and recoveries were instituted with effect from November, 2020. The Committee was informed that management had further written to the Provincial Agriculture Coordinating Officer (PACO) to warn and caution the End User who introduced the affected officer on the payroll using a wrong salary scale.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail this information to the auditors at the time of audit and those who approved this erroneous payment. The Committee also urges the Controlling Officer to submit supporting documents to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

- **Irregular Payment of Salaries to Officers Absent from Duty Without Leave- K544,434**

The Controlling Officer submitted that the officer in North-Western Province was an Agriculture Assistant based in Mwinilunga district who was absent continuously for a period exceeding ten days, without express authority from his supervisor. In Western Province, the two officers, an Agriculture Officer and an Agriculture Assistant, based in Kalabo and Limulunga districts respectively, both did not report back for duty after vacation leave. Further, in Copperbelt Province, the two Agriculture Assistants based in Masaiti and Katuba and a General Worker from Zambia Agriculture Research Institute (ZARI) deserted their stations.

The Controlling Officer also submitted that the Ministry had recommended dismissing all the officers from the Service. Recoveries for salaries paid whilst absent from work would be recovered from their terminal benefits and their salaries had since been blocked. The Committee was informed that Public Service management Division (PSMD) had been informed.

Committee's Observations and Recommendations

The Committee finds it unacceptable that the Ministry continued to pay salaries to these officers in the circumstances and urges the Controlling Officer to put measures in place to augment the internal audit structures at the Ministry, in order to help identify and rectify such irregularities before the external audit is conducted. The Committee also urges the Controlling Officer to institute disciplinary action against an officer who approved the payments. The Committee further urges the Controlling Officer to ensure that supporting documents on this matter are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

(ii) Procurement of Goods and Services

- **Unsupported Payments – Chibombo DACO- K124,593**

The Controlling Officer regretted that the Assistant Accountant had deserted from duty to date. Therefore, the auditors could not access supporting documents since the same deserter was the custodian of the accounting documents.

The Controlling Officer submitted that the erring officer had since been placed on suspension by the Permanent Secretary for Central Province, on the charge of misappropriation of funds. The Controlling Officer also submitted that Internal Auditors were sent to investigate and establish the total amount of funds misappropriated, for Chibombo Agriculture District Office. The salary of the erring officer had since been blocked, with effect from October 2020.

Committee's Observations and Recommendations

The Committee finds it unacceptable that the absence of one officer can make it difficult to trace supporting documents on this matter. In this regard the Committee urges the Controlling Officer to put measures in place to enhance records management. The Committee will await a progress report on the matter.

(iii) Management of Assets

• Failure to Insure Motor Vehicles

The Controlling Officer submitted that the failure to insure some motor vehicles and motor bikes at the time of audit was due to inadequate funding from the Treasury.

The Committee was informed that the provinces and districts had started insuring its motor vehicles. From a total of twenty one uninsured motor vehicles, eleven had since been insured, leaving a balance of ten. And from a total of fifty one motor bikes, eleven had since been insured leaving a balance of forty. The Committee was informed that management would continue to ensure that vehicles were insured as funds were made available.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the ten vehicles and forty motor bikes are insured without fail. The Committee also urges Controlling Officer to prioritise the insurance of vehicles to avoid losses in case of accidents. The Committee will await a progress report on the matter.

• Lack of Title Deeds

The Controlling Officer submitted that the Director of Human Resources and Administration had been instructed to constitute a team in the Ministry of Agriculture, to work with the Ministry of Lands and the Ministry of Works and Supply respectively, to start the process of obtaining Title Deeds for all properties.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to pursue this matter vigorously and ensure that all properties are titled without fail. The Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT – COPPERBELT PROVINCE

AUDIT QUERY : PARAGRAPH 32
PROGRAMMES : Various
ACTIVITIES : Various

Audit Findings

37. An examination of accounting and other records maintained at the Provincial Administration Headquarters and selected districts for the period under review revealed the following to which the Controlling Officer responded as set out below.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2019, a provision of K87,078,733 was made to cater for the operations of the Provincial Administration, against which amounts totalling K72,131,528 were released, resulting in an underfunding of K14,947,205. As at 31st December 2019, amounts totaling K72,082,309 had been spent.

In addition, the Provincial Administration raised amounts totalling K3,861,213 for the Copperbelt Investment Expo (CIEX) from various stakeholders, out of which K3,729,595 had been spent.

In view of the foregoing, the Controlling Officer submitted that the key activities that were affected by the underfunding were as tabulated below.

Table 16.0: Affected Activities due to Underfunding

S/N	Programme Description	Underfunded Amounts – (K)
1	General Administration	2,161,782.43
2	Events	355,094.74
3	Grants to Dag Hammarskjöld	31,500
4	Dismantling of Arrears	2,870,267.33
5	Information Management	100,627.27
6	Cross Cutting Issues	25,000
7	Transport Management	1,490,467.30
8	Human resource Management	102,053.30
9	Publicity	281,656
10	Infrastructure Development	1,238,946
11	Chiefs Affairs	193,762.04
12	Traditional Affairs	105,091
13	Forestry Protection Management	510,230
14	Land Administration and Management	381,531.61
15	Cadastral and Engineering Surveys	214,009.80
16	Enforcement of Labour Laws	213,000
17	Child empowerment, Protection and Advocacy	152,320.45
18	Cultural Development	40,000

19	Financial Management and Accounting	424,192.39
20	Town Planning and Development Control	117,720
21	Sports and Recreation	86,000
22	Community Development	447,110
23	Social Welfare	111,780
24	Development Planning and Monitoring	205,904.38
	Total	12,271,202.22

Committee's Observations and Recommendations

The Committee notes the response on the matter but urges the Controlling Officer to be coming up with realistic annual estimates of revenue. The Committee resolves to close the matter.

b. Management of Payroll and Staff related Matters – Misplacement of Payroll Area-K8,601,356

The Controlling Officer submitted that management, in trying to address the misplacement of officers, was in the process of identifying those officers who could be swapped without depriving other stations of human resource. The Committee was informed that management was also working on modalities of getting Treasury Authority to allow staff to maintain their paypoints while working from other stations which had a deficit. The Committee was also informed that this would be to allow for a balanced human capital resource placement and enhanced performance.

The Controlling Officer also submitted that, besides the efforts already made, management had been engaging the Secretary to the Treasury to facilitate for Treasury Authority to unfreeze the 452 positions under Copperbelt Provincial Administration, which were frozen between the year 2014 and 2017.

The Committee was, however, informed that due to tight fiscal space against which the 2017, 2018, 2019 and 2020 budgets were prepared, Treasury Authority could not be granted to Provincial Administration, Copperbelt Province.

The Controlling Officer further submitted that the Treasury had, nonetheless, taken note of all the requests and had indicated that consideration for Treasury Authority may be made in the 2021 □ 2023 medium term, funds permitting.

Committee's Observations and Recommendations

The Committee observes with concern that the Controlling Officer appears to be justifying the misplacement of officers under the provision, in total violation of the Cabinet Circular on the matter. The Committee, therefore, sternly warns the Controlling Officer to desist from violating established regulations and directives. In this vein, the Committee directs the Controlling Officer to ensure that the situation is corrected without delay. The Committee will await a progress report on the matter.

c. Accounting Irregularities

i. Delayed Banking- K28,250

The Controlling Officer submitted that the queries were caused by the reasons set out below.

i. Kitwe District Administration

- Failure to adhere to the provisions of the *Public Finance Management Act, No. 1 of 2018* with regard to prompt depositing of funds.

ii. Kalulushi District Administration

- Kalulushi District had no ZANACO Bank branch, the nearest being Kitwe, which was about twenty-three kilometers away and due to lack of transport, banking was delayed.

The Controlling Officer also submitted that management at the cited stations charged the officers who were directly responsible for the delayed banking and the charge letters were available for verification.

The Controlling Officer further submitted that a directive had been given to all the ten District Administration offices, headed by the new District Commissioners, to ensure that action was taken on the officers who delayed to bank funds collected.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that measures are put in place to collect revenue through electronic platforms, to reduce on the handling of cash by officers. The Committee will await a progress report on the matter.

ii. Copies of Receipt Forms without Details – Ndola District Administration

The Controlling Officer submitted that the use of Interns, due to a high staff turnover of accounting officers at the Ndola District Administration office, contributed to the mishandling of the carbon blocker of the receipt book, resulting in faint and/or indecipherable duplicate copies.

The Controlling Officer also submitted that management's attention was drawn to this matter through an Internal Audit Report No. 09 of 2019, which was done before the external auditors came in. Accordingly, the District Commissioner of Ndola was directed, in a letter dated 30th September, 2019, to ensure that remedial measures were taken.

The Controlling Officer further submitted that the District Administration utilised the funds collected before banking and the concerned officers were surcharged.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and ensure that this information is availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

iii. Unsupported Payments- K78,601

The Controlling Officer submitted that the queries arose due to system failure on the Zambia Revenue Authority (ZRA), Tax Online 1 platform, resulting in failure to generate receipts for the Expo Account. It was also due to part payment for personnel related arrears due to inadequate funds for officers under Ndola District Administration.

The Controlling Officer also submitted that the Provincial Administration engaged the Zambia Revenue Authority (ZRA), with regard to the issuance of receipts for the five payments under the Expo account, as these were the missing supporting documentation.

With regard to unsupported payments under Ndola District Administration, the Committee was informed that the taxes due on the said amounts would be deducted from subsequent payments to be made to the officers once the Treasury funded the Province for personal emoluments.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against the officer who approved the payment of K18,985 without supporting documents. The Committee also urges that all the funds must be recovered without fail. The Committee will await a progress report on the matter.

iv. Irregular Use of Accountable Imprest- K123,995

The Controlling Officer submitted that the major causes of the irregular use of accountable imprest varied from district to district, as set out below.

i. Ndola District

Failure to adhere to the provisions of the *Public Finance Management Act, No. 1 of 2018*.

ii. Chingola District

Recurrent Departmental Charges (RDC)

Departmental funds drawn as accountable imprest by various Departmental Heads, under Head 91 in the districts.

National Events Account

Use of a non-cheque account for national events, which funds could only be accessed through cash withdrawals.

iii. Chililabombwe District

Failure by the District Administration to plan for their procurements in advance, leading to irregular use of imprest.

The Controlling Officer submitted that management's attention was drawn to the above matters through Internal Audit Reports number 7 and 18 of 2019 for Chingola District Administration, number 19 of 2019 for Chililabombwe and number 9 of 2019 for Ndola District Administration. These were done before the external auditors came in and there was already work in progress.

The Committee was informed that, accordingly, the respective District Commissioners were warned to desist from using imprest to procure goods and services.

The Committee was also informed that authority was sought from the Secretary to the Treasury to have the savings account that was used for national events at Chingola District Administration, closed.

The Controlling Officer also submitted that, as a way to further ensure that remedial measures were taken for each of the cited irregularities, management at the cited stations

charged the officers who were directly responsible for the irregular usage of accountable imprest.

Committee's Observations and Recommendations

The Committee notes with concern the gross violation of the Financial Regulations. The Committee urges the Controlling Officer to familiarise the officers at the cited stations, with financial regulations and the *Public Finance Management Act, No. 1 of 2018*. The Committee will await a progress report on the matter.

v. Unaccounted for Stores- K84,403

The Controlling Officer submitted that the query arose due lack of qualified procurement officers in the district administrations, leading to breach of the *Public Procurement Act, No. 12 of 2008* Section 12(2)(3). The other cause was that officers who were in the offices at the time of audit were not the same officers who held the offices during the period under review. Further, the query was caused by new officers who opted to migrate from the old improvised stores record books that were not fully updated, to the prescribed stores documents.

The Controlling Officer also submitted that management's attention was drawn to the above matters through Internal Audit Reports number 7 and 18 of 2019, for Chingola District Administration and number 19 of 2019 for Chililabombwe. These were done before the external auditors came in and there was already work in progress in addressing the queries raised.

The Controlling Officer also submitted that a directive was issued to respective District Commissioners to ensure that remedial measures were taken for each of the cited irregularities. The Committee was informed that at the time external auditors visited the stations, officers were still responding to internal audit queries and putting in place the recommendations, which included updating the stores records with all the transactions that were done during the period under review. This was with a view to having corrected opening stores balances for the year 2020.

The Controlling Officer further submitted that the said stores records were availed to the external auditors at management letter stage and an appeal was made to have the query dropped. However, the external auditors declined to accept the submissions from the districts on the basis that the stores records were not up to date at the inception of audit. The said updated stores records were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put measures in place to augment stores and records management at the provincial administration. The Committee also urges the Controlling Officer to submit the said updated stores records to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

d. Weaknesses in Management of Assets – Failure to Secure Title Deeds for Properties

The Controlling Officer submitted that efforts to have all Government properties in the Province titled dated as far back as 26th January, 2018 when management directed all District Commissioners and Heads of Government departments to start the process of titling all properties under their charge. In this vein, the Provincial Administration started the process

of titling properties in Ndola, with the limited resources available, and then move to other districts when properly funded.

The Committee was informed that the Provincial Administration was working closely with the Departments of Survey and the Ministry of Works and Supply to conclude the titling process, starting with Ndola District.

The latest position was that two title deeds out of the seven properties surveyed had since been submitted for signing and appending of an official seal at the Ministry of Finance.

The Controlling Officer also submitted that management had since written to the Secretary to the Treasury requesting for supplementary funding, to facilitate for the Ministry of Lands and Natural Resources (Northern Regional Office), to carry out an exercise to survey all government properties in the province.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the remaining properties under his charge are titled and insured without any further delay. The Committee will await a progress report on the matter.

e. Management of Liabilities

i. Failure to Settle Outstanding Bills – K17,922,898

The Controlling Officer submitted that Government had been making strides to ensuring that the arrears in question were dismantled. The Ministry of Finance had been liquidating these arrears as and when resources permitted. Other methods employed by the Government to reduce the arrears included debt swaps entered into, especially with utility companies such as Zambia Telecommunications Limited (ZAMTEL), ZESCO Limited, and water utility companies.

The Committee was informed that during the Financial Year Ended 31st December, 2020, the Ministry of Finance had paid suppliers of goods and services a total of K2,213,860.05, as evidenced by the letter from the Accountant General's office MF/OAG/101/16/1 dated 10th July, 2020. The Committee was also informed that an additional request for payment of outstanding arrears for goods and services in amounts totaling K2,120,070.18 had been submitted to the Ministry of Finance for consideration of settlement. The Controlling Officer also submitted that a funding request relating to personnel arrears amounting to K2,000,000, had been submitted to the Ministry of Finance.

The Controlling Officer also submitted that management had put in measures aimed at arresting further accumulation of arrears. Such measures included, but were not limited to, setting aside funds to sink boreholes in areas where there was high consumption of water and directing that all Government institutions be on prepaid platforms rather than on post-paid basis.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to continue engaging the Treasury for requisite funding. The Committee will await a progress report on the matter.

ii. Failure to Remit Taxes- K68,498

The Controlling Officer submitted that the query was caused by technical challenges with regard to the new Zambia Revenue Authority (ZRA), online tax payment platform, for which capacity in the officers had not yet been built at the time it was introduced. The other cause was that the banning of the use of cheque payments method by the ZRA equally contributed, as all District Administration accounts were not linked to the online banking platforms to make real time transactions.

The Controlling Officer also submitted that VAT was not withheld under Ndola and Chingola Districts, due to the changes made by the ZRA platform, which required only online payments. The Committee was informed that as a corrective measure, the two districts were among those where a team of accounting officers from the Provincial Administration were sent in order to build capacity and a directive was issued for them to be withholding VAT, using the Copperbelt Provincial Administration TPIN.

The Controlling Officer also submitted that the Ministry of Finance, in conjunction with the ZRA, conducted a capacity building programme with agents from Provincial Administration on the usage of the new tax online 2 platform.

The Committee was informed that all accountants at the District Administration Offices were equally trained by officers from the Provincial Administration.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to follow up the suppliers of goods and services in the affected districts whose VAT was not withheld, to have them pay accordingly. The Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT – CENTRAL PROVINCE

AUDIT QUERY	:	PARAGRAPH 33
DEPARTMENTS	:	Various
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

38. An examination of accounting and other records maintained at the Provincial Administration Headquarters and selected districts for the period under review revealed the following to which the Controlling Officer responded as set out below.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2019, a provision of K89,219,993 was made to cater for the operations of the Provincial Administration, against which amounts totaling K70,296,067 were released, resulting in an under funding of K18,923,926. As at 31st December 2019, amounts totaling K70,169,587 had been spent.

In view of the foregoing, the Controlling Officer submitted that the Provincial Administration was underfunded for the Financial Year Ended 31st December, 2019 and did not undertake and achieve some of the planned activities.

The Committee was informed that management continued to engage the Ministry of Finance through the office of the Secretary to the Treasury to ensure the release of the total budgeted funds.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to be coming up with realistic annual estimates of revenue. The Committee resolves to close the matter.

b. Management of Payroll and Staff Related Matters – Failure to Transfer Officers from the Payroll- K28,679,494

The Controlling Officer submitted that in the spirit of decentralisation policy, the Departments of Agriculture and Fisheries and Livestock were moved from their respective ministries and placed on Provincial Administration payroll. This was to enhance quick public service delivery. However, the policy direction had since been reversed, which meant that funding for Recurrent Departmental Charges (RDCs) had since been funded directly to the Departments, except for Personal Emoluments (PEs). The Committee was informed that management had since written to the Secretary to the Treasury requesting him to move the Head for Salaries for the Departments in question to their respective ministries.

Committee's Observations and Recommendations

The Committee expresses disappointment that the Controlling Officer did not identify the problem before the audit process. The Committee urges the Controlling Officer to enhance the internal audit structures at the Provincial administration in order to prevent such queries. The Committee resolves to await a progress report on the matter.

c. Accounting Irregularities

i. Irregular Payment of Transport and Meal Allowances- K20,400

The Controlling Officer submitted that management had instituted recoveries from all the concerned officers.

As at 30th November, 2020, amounts totaling K10,200 had been recovered, leaving a balance of K10,200 to be recovered in four months time by 31st March, 2021.

The Committee was informed that in order to avoid the recurrence, management had directed the Principal Internal Auditor and the Director of Finance to strictly scrutinise all requests to ensure compliance with the terms and conditions of service and circulars issued from time to time.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against the officers who authorised the payment of allowances. The Committee also urges the Controlling Officer to ensure that funds are recovered without fail. The Committee resolves to await a progress report on the matter.

ii. Failure to Obtain Authority to Travel Abroad- K6,000

The Controlling Officer submitted that his office obtained authority from the Secretary to the Cabinet to travel abroad for two officers.

The Committee was informed that in order to avoid the recurrence, management had directed the Chief Human Resources Development Officer to closely supervise staff under Records

Management to ensure proper and correct filling of documents in appropriate files for easy retrieval of documents.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to avail all supporting documents to the Office of the Auditor General for verification. The Committee also urges the Controlling Officer to take disciplinary action against officers who failed to submit information to the auditors at the time of audit. The Committee resolves to await a progress report on the matter.

iii. Failure to Prepare Bank Reconciliations – Chibombo District Administration

The Controlling Officer submitted that the responsible officer was charged and had since been dismissed from the Civil Service. The Committee was informed that the funds would be recovered from the officer's terminal benefits.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put measures in place to enhance the internal audit structures and prevent such irregularities. The Committee resolves to await a progress report on the recovery of funds.

iv. Payments Made without Processing Vouchers – Chibombo District Administration- K19,673

The Controlling Officer submitted that the officer was charged and had since been dismissed from the Civil Service. The Committee was informed that the funds would be recovered from the officer's terminal benefits.

The Controlling Officer also submitted that in order to avoid a recurrence, management had directed the Director of Finance and the Principal Internal Auditor to ensure regular audit checks of all District Commissioners' Offices to ensure compliance with the Financial Regulations in order to prevent loss of public funds.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the recovery of funds.

v. Unaccounted for Stores- K33,591

The Controlling Officer submitted that out of the total unaccounted for fuel of K20,306, recoveries were effected for fuel worth K18,000, for Kabwe and Luano District Administration offices. As at 30th November, 2020 amounts totaling K5,583.30 had been recovered, leaving a balance of K14,722.70 to be recovered by 28th February, 2021.

The Controlling Officer also submitted that the fuel amounting to K2,306, related to the Department of Child Affairs with an amount of K805 and the Provincial Chiefs and Traditional Affairs Office (PCTAO) with an amount of K1,501, respectively.

The Controlling Officer also submitted that the correct position for the amount of K805 was that this was a payment for fuel to Mount Meru filling station for fuel that was drawn in advance. Therefore, there were no receipt and disposal details, in that no actual drawing of fuel took place thereafter, hence, the current balance due to the Department of Child Development was K390.

The Committee was informed that as regards the K1,501 relating to the (PCTAO), the amount would be recovered at once from the Provincial Chiefs and Traditional Affairs Officer for failure to avail receipt and disposal details to the auditors.

The Controlling Officer also submitted that the same action of recoveries for the amount of K13,285 for Kabwe District Forestry Department would be effected from the salaries of the officers concerned for failure to avail receipt and disposal details to the auditors at the time of audit. The Committee was informed that the action to recover from the officers had been necessitated by the unsatisfactory explanations submitted and late submission of documents which were not availed to auditors at the time of audit.

The Controlling Officer submitted that in order to avoid a recurrence, management had directed all Heads of Department to stop the practice as they were all in receipt of either transport or fuel allowances for routine daily office work.

Management had further directed the Director of Finance to conduct sensitisation meetings on Stores Management and proper record keeping to all districts and Heads of Department, to ensure compliance with the Stores Regulations.

The Committee was informed that districts in Central Province did not have purchasing and stores officers on the establishment to carry out the purchasing and stores functions. This had posed a challenge in eliminating audit queries such as this one as there was a difficulty to segregating of duties.

Committee's Observations and Recommendations

The Committee expresses concern at the lack of effective internal audit structures at the Provincial Administration, leading to the failure to identify and rectify anomalies in its operations in a timely manner. The Committee, therefore, urges the Controlling Officer to engage the Office of the Controller of Internal Audit to help augment the internal audit structures at the Provincial Administration. The Committee also urges that all funds be recovered without fail. The Committee resolves to await a progress report on the matter.

d. Management of Assets – Uninsured Motor Vehicles

The Controlling Officer submitted that the procurement of insurance services was underway and was awaiting bid evaluation. The Committee was informed that the Province did not have any accident or loss of public funds during the year under review.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and ensure that all the twenty-eight motor vehicles are insured without any further delay. The Committee resolves to await a progress report on the matter.

e. Management of Liabilities – Failure to Remit Tax – Kabwe District Administration- K13,692.07

The Controlling Officer submitted that the tax in question totaling K13,692.07 had been paid to Zambia Revenue Authority (ZRA) and the documents were available for verification.

Committee's Observations and Recommendations

The Committee observes that this information could have been availed to the auditors at the time of audit. In this regard, the Committee urges the Controlling Officer to institute

disciplinary action against officers who failed to avail this information to the auditors. The Committee also urges the Controlling Officer to avail the supporting documents to the Office of the Auditor General for verification. The Committee resolves to close the matter subject to audit verification.

f. Irregular Issuance of Imprest – Central Province Planning Authority Account-K1,576,488

The Controlling Officer submitted that after analysis of the schedule in question, it had come to his attention that the correct position was that K394,720.03 payments were paid directly to the individual beneficiaries through cheques/letters of instructions to the bank for payments.

The Committee was informed that as regards the balance of K1,181,768.26, management had challenges implementing the requirements of Circular No.01 of 2019, part IV (xiv) (1), due to short notice and sensitivity of certain programmes and assignments. For example, the visits by Very Important Persons (VIPs) and those that related to oversight institutions such as the Office of the Auditor General and parliamentary Public Accounts Committee (PAC) came at a very tight notice hence may require immediate availability of funds to implement the programmes.

The Controlling Officer submitted that in order to avoid a recurrence, management shall write the Secretary to the Treasury seeking for a waiver on group imprest for sensitive assignments and programmes with tight notice to avoid non-compliance with the Financial Circular in question.

The Committee was informed that for programmes and activities under the Provincial Administration, management had since stopped issuing group imprest and would ensure that allowances are paid directly to the beneficiaries.

Committee's Observations and Recommendations

The Committee notes with concern that the Controlling Officer is attempting to justify the violation of Treasury and Financial Circular No. 01 of 2019. The Committee finds this unacceptable and urges the Controlling Officer to ensure that the circular is complied with to the letter. The Committee also urges the Controlling Officer to avail supporting documents to the Office of the Auditor General for verification. The Committee resolves to close the matter subject to audit verification.

OFFICE OF THE PRESIDENT – CENTRAL PROVINCE

AUDIT QUERY	:	PARAGRAPH 34
DEPARTMENTS	:	Various
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

39. An examination of accounting and other records relating to the General Deposit Account maintained at the Provincial Administration for the under review revealed the following to which the Controlling Officer responded as set out below.

a. Unauthorised Borrowing of Funds- K307,451

The Controlling Officer submitted that the General Deposit Account was a receiving account for revenues/funding for departments from their line ministries, VIPs tours of the Province, Controller of Government Transport, Procurement and Supplies Unit; for fees and fines, among others.

Therefore, the balance in question had been an accumulation of balances brought forward from previous financial years and hence the expenditure incurred was not borrowings from the account.

The Controlling Officer expressed regret that the Provincial Administration spent funds on key government programmes without seeking prior authority from the Secretary to the Treasury.

The Controlling Officer also submitted that as for balances carried forward from 31st December, 2019 to 1st January, 2020, the Provincial Administration sought and obtained Treasury Authority from the Secretary to the Treasury, before any utilisation of unspent balances at the end of 2019 Financial Year, to avoid a recurrence of such similar audit queries.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to institute disciplinary action against the Controlling Officer for failure to seek for Treasury Authority before the funds in the General Deposit Account were spent. Further, the Committee urges the Controlling Officer to ensure that all supporting documents on this matter are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

b. Management of Assets - Irregularities in the Board of Survey

i. Use of Revenue without Treasury Authority- K381,514

The Controlling Officer submitted that management wrote to the Secretary to the Treasury seeking authority to retain the net proceeds of the sale of public stores. In that request dated 18th November, 2019, disclosure was made to the Secretary to the Treasury of the expenditure of K381,514 which had already been incurred by the Board of Survey.

The Committee was informed that in a letter dated 4th December, 2019, the Secretary to the Treasury guided that the K699,645.33 net proceeds realised from the disposal of Plant and Equipment through the Board of Survey (BOS) Auction Sale be remitted to the Treasury in accordance with Section 42 (1) of the *Public Finance Management Act, No. 1 of 2018*.

The Controlling Officer also submitted that in order to execute the BOS auction sale, funds were borrowed from another account to conduct the exercise, as it was not budgeted for during the year under review and only reimbursed the total amount of K319,225.74, obtained from the Central Province Planning Authority (CPPA) account, after the exercise had been concluded.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to institute disciplinary action against the Controlling Officer for failure to seek authority to vary the funds. The Committee also urges the Controlling Officer to avail all supporting documents on this matter to the Office of the

Auditor General for verification. The Committee resolves to await a progress report on the matter.

ii. Delayed Banking- K197,450

The Controlling Officer submitted that a big lesson had been learnt and that moving forward, management would ensure that all revenues were deposited directly into Revenue Transit Accounts available in the districts so that the funds were directly credited to the Consolidated Fund Account at Bank of Zambia.

The Committee was informed that the Cashier was charged for failure to follow laid down procedure as per Civil Service Commission Disciplinary and Procedures for Handling Offences in the Public Service, for failure to deposit the K197,450 collected within Kabwe and Serenje districts, where Indo Zambia Bank existed.

Committee's Observations and Recommendations

The Committee expresses concern that banking of revenue could be delayed for up to thirty-six days in places where banking facilities existed. In this regard, the Committee urges the Controlling Officer to put measures in place to ensure that payments for tender documents and obsolete assets, are made electronically to eliminate the handing of cash by officers. The Committee resolves to await a progress report on the matter.

OFFICE OF THE PRESIDENT - WESTERN PROVINCE

AUDIT QUERY	:	PARAGRAPH 35
DEPARTMENTS	:	Various
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Audit Findings

40. An examination of accounting and other records maintained at the Provincial Administration Headquarters and selected districts for the period under review revealed the various irregularities, to which the Controlling Officer submitted as set out below.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2019, a budget provision of K106,589,668 was made to cater for the operations of the Provincial Administration, against which amounts totaling K63,115,041 were released, resulting in an under funding of K43,474,627. As at 31st December 2019, amounts totaling K62,805,237 had been spent

In view of the foregoing, the Controlling Officer submitted that there was an under funding of K43,474,627 and this resulted in the failure to implement some of the budgeted for programmes, for the year ended 31st December, 2019. The Committee was informed that some of the unimplemented programmes due to underfunding were shown in table 16.0:

Table 16.0: Affected Activities due to Underfunding

SN	Programme	Budget (ZMW)
1	Support to Forest Business Enterprise	K150,000
2	Tourism and Investment Promotion	K480,000
3	Infrastructure Development	K1,400,000
4	Transport Management	K140,000
5	Dismantling of arrears	K210,000
Total		K2,380,000

With regard to the unspent funds amounting to K309,804, the Committee was informed that the funds related to Appropriation In Aid funds transferred to the three Government departments namely, Forestry, Lands and Survey, which collected non tax revenue.

Committee's Observations and Recommendations

The Committee notes the response on the matter and urges the Controlling Officer to be coming up with realistic annual estimates of revenue. The Committee resolves to close the matter.

b. Management of Payroll and Other Staff Related Matters

During the period under review, amounts totaling K55,591,738 were released and spent on personal emoluments.

The following were observed:

i. Misplacement of Payroll Area- K403,596

The Controlling Officer submitted as follows:

1. two officers had been migrated to their respective payroll area;
2. letters had been written to respective Controlling Officers for the three officers to report back to the Western Province stations since they had not yet been migrated following their transfers; and
3. a letter was written to Zambia National Service (ZNS) to have the other two officers who were formerly under the Rural Roads Unit (RRU) to have them migrated to the Ministry of Defence payroll.

Committee's Observations and Recommendations

The Committee observes that this irregularity arose as a result of weak internal audit structures. In this regard, the Committee urges the Controlling Officer to be proactive and put measures in place that will enhance internal audit structures. The Committee also urges the Controlling Officer to ensure that all affected officers deployed to their designated duty stations. The Committee will await a progress report on the matter.

ii. Irregular Payment of Salaries to Officers Absent from Duty Without Leave- K160,289

The Controlling Officer submitted that the officers were absent from duty with reasonable cause, which was ill health. The Committee was informed that the officers were charged by their respective supervisors and the cases were tabled by the Provincial Disciplinary Committee which recommended that the officers be issued with severe warnings and counseling, and final warnings after considering the evidence presented before the Provincial Disciplinary Committee.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against the officers who failed to avail this information to the auditors at the time of audit. The Committee also urges the Controlling Officer to submit all supporting documents to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

c. Accounting Irregularities

i. Unaccounted for Revenue – Kalabo District Forestry Office- K187,424

The Controlling Officer submitted that deposit slips amounting to K200,195 were cleared by the Auditor General's Provincial Office as per status report. However, Deposit slips amounting to K12,069 were locked in the safe whose keys were lost. Further, management was still waiting from the Secretary to the Treasury, for a spare key or authority to break the safe.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that supporting documents regarding K12,069, are availed to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

Unsupported Payments- K139,975

The Controlling Officer submitted that twenty six payments amounting to K89,429 were cleared by Auditor General's Provincial Office, as per DARF status report.

The Committee was informed that the balance of twenty seven payments amounting to K50,546 related to payments made to the Zambia Revenue Authority (ZRA) as Withholding Tax and were supported with the transmission slips from Bank of Zambia, as proof of payment as it showed the bank details of the payee.

The Controlling Officer also submitted that they could not process the ZRA online receipts for the previous year as no officer was oriented on how to generate the online receipts. The office relied on the Bank of Zambia (BoZ) transmission slips as proof of payment as the final remittance was done by the Ministry of Finance.

Therefore, going forward, training was conducted by the ZRA and the Provincial Administration was on course generating online receipts.

The Committee was informed that the matter was still outstanding as the Auditor General's Office could not accept the BoZ transmission slips, alone.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Accountant General on the matter. The Committee will await a progress report on the matter.

ii. Single Sourcing- Procurement of Casing Pipes and Gravel Packs - Dept. of Water Resources Development - K106,890

The Controlling Officer submitted that much of the cited amount of K106,890 related to multiple transactions for different clients for the whole year whose individual amounts were within the K10,000 thresholds. It was not a single transaction that was single sourced.

The Committee was informed that this was done on the basis of the Public Procurement Regulations of 2011 and the Zambia Public Procurement Authority (ZPPA) Circular no. 3 of 2017 dated 1st September, 2017 which provided and allowed procuring from one supplier if it was a sole supplier of the goods and services for low value procurements not exceeding K10,000 thresholds as prescribed.

The Controlling Officer, however, submitted that for the three transactions that were above the 10,000 threshold for amounts K16,880.74 and K25,957.32 and K15,608.32, respectively, the procurement officers that prepared the low value paper were charged for misleading the Controlling Officer to approve the payments without competitive quotations.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to desist from violating procurement regulations with impunity. In this regard, the Committee is disappointed that the Controlling Officer does not appear to be familiar with the Public Procurement Regulations, resulting in his claim of having been misled by the procurement officers. The Committee finds this unacceptable and, therefore urges the Secretary to the Treasury institute disciplinary action against the Controlling Officer. The Committee further urges the Controlling Officer to avail all the relevant supporting documents pertaining to this matter, to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

iii. Unaccounted for Stores- K122,470

The Controlling Officer submitted that management submitted and accounted for stores items costing K102,423 and were cleared by Auditor General's Provincial Office, as per DARP status report.

The Committee was informed that the balances of K20,047 stores items had since been retrieved from the districts and the officers involved had been asked to exculpate themselves for not providing records on time during the audit process.

The Controlling Officer also submitted that the stores officers had also been verbally warned to make sure that stores records were timely updated and kept in a secure place to ensure availability whenever they were needed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against officers who failed to avail supporting documents to the auditors at the time of audit. The Committee also urges the Controlling Officer to submit all supporting documents on this matter, to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

iv. Failure to Insure Assets

The Controlling Officer submitted that the non-insurance of some motor vehicles and equipment was due to inadequate funding in the financial year as well as the fact that some motor vehicles were marked for disposal.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Secretary to the Treasury for requisite funding and ensure that all motor vehicles not earmarked for disposal, are insured without fail. The Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT - NORTH WESTERN PROVINCE

AUDIT QUERY : **PARAGRAPH 36**
PROGRAMME : Various
ACTIVITIES : Various

Audit Findings

41. An examination of accounting and other records maintained at the Provincial Administration headquarters and selected districts for the period under review revealed the various irregularities, to which the Controlling Officer submitted as set out below.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial Year Ended 31st December 2019, a provision of K89,105,306 was made to cater for operations of the Provincial Administration, against which amounts totaling K54,609,096 were released, resulting in an underfunding of K34,496,210. As at 31st August 2020, amounts totaling K54,345,130 had been spent.

In addition, amounts totaling K51,753 were brought forward from the previous year and K2,016,327 were realised during the period under review as shown in Table 17.0.

Table 17.0: Income from other Departments

No.	Department	Balance b/f K	Amount Received/Collected K
1	Forestry	12,740	475,275
2	Physical Planning and Housing	14,455	262,778
3	Water Affairs	24,558	1,278,274
	Total	51,753	2,016,327

b. Accounting Irregularities

i. Irregular Issuance of Accountable Imprest- K473,679

The Controlling Officer submitted that the query arose because district administrations had no accounting officers due to frozen positions, which posed a challenge to district commissioners in adhering to financial regulations on such matters as accountable imprest. The Committee was informed that some of the districts did not have commercial banks and others that had, were with NATSAVE that had no cheque books. This had been a challenge in rural districts, at times coupled with some suppliers not accepting cheques if a particular district administration had an account with a cheque book.

The Controlling Officer also submitted that the Provincial Administration came up with the remedy by conducting orientation seminar to capacity build the new District Commissioners and their District Administrative Officers. This was held on 22nd August, 2020. The

Committee was informed that the offices of the District Commissioners had since started using accountants from either education or health offices.

The Controlling Officer also submitted that the districts that caused the irregularity had all its District Commissioners, District Forestry Officers and the Provincial Forestry Officer warned and cautioned in writing for not following the financial regulations. Management had effected the recoveries from officers whose retirements were not accepted by the auditors. Supporting documents were available for verification.

Committee's Observations and Recommendations

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

ii. Unaccounted for Stores- K91,097

The Controlling Officer submitted that the incompleteness of the receipt and disposal details of general stores and statements for fuel from the filling station arose due to that fact that all the departments under the Provincial Administration did not have stores officers who were trained. Stores functions were usually performed by available human resource that had been assigned but untrained in that area. The Committee was informed that there was a challenge of filing some of the receipts and statements for fuel such that the auditors could not accept them.

Statements for fuel could not be obtained in time from Amin Motors because the filling station was under renovations and operations were suspended. The Controlling Officer submitted that in order to address the challenge of record keeping, management had oriented the identified officers in all the departments to be maintaining records of receipt and disposal of all stores items. Files and books had also been introduced in most departments for easier keeping of records. Further, all Heads of Department had been instructed through the internal memorandum to have fuel reconciliations done before the next consignment of fuel was bought. Supporting documents were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling officer to put measures in place to enhance the internal audit structures at the Provincial Administration. The Committee also urges the Controlling Officer to submit supporting documents to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

c. Management of Assets

i. Failure to Insure Motor Vehicles

The Controlling Officer acknowledged that at the time of audit, only one vehicle was insured. The Committee was informed that most of the vehicles cited were old and unserviceable due to high maintenance costs. The Committee was also informed that during the year under review, due to erratic funding, the Provincial Administration did not insure most of the vehicles. Out of the K54,609,096, K44,544,244 was paid as salaries, K2,080,875 was directed to the hosting of the EXPO and K1,651,605.48 for revenue generation. Therefore, remained with K6,332,376 and leaving little for insurance costs.

The Controlling Officer submitted that for 2020, the Provincial Administration had prioritised insurance of the vehicles under revenue generating departments of Forestry, Lands and Survey. Insurance covers for the vehicles insured were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all the motor vehicles are insured without fail, in line with the provisions of the *Road Traffic Act, No. 11 of 2002*. The Committee will await a progress report on the matter.

ii. Failure to Safeguard Motor Vehicles

- ☐ **Nissan Hard Body – Registration No. GRZ 551 BX**
- ☐ **Toyota Land Cruiser GX – ABC 3006**

The Controlling Officer submitted as set out below.

(a) Nissan Hard Body - Registration No. GRZ 551 BX

The Assistant Controller of Government Transport acted wrongly, without authority from the office of the Permanent Secretary and/or the department responsible of that vehicle. The vehicle might have had other problems as it was recommended by the then Senior Labour Officer that it should be boarded. Management had since reported the matter to the Police.

Committee's Observations and Recommendations

The Committee will await the outcome of the police investigations.

(b) Toyota Land Cruiser GX – ABC 3006

The matter was being pursued by the Local Government Officer way before the discovery by the auditors and his report was also available for verification. Management had since reported this case to the police and the matter was under investigation.

Committee's Observations and Recommendations

The Committee will await the outcome of the police investigations

iii. Failure to Produce Accident Report – Provincial Planning Unit

The Controlling Officer submitted that management agreed with the auditors, as the accident took long to be reported to the police. The driver was eventually charged with the case of dangerous driving.

The Committee was informed that when the accident occurred, there was a dispute between the police officer, under traffic section and the driver, which led the police to take the matter to court. This made the issuance of an accident report to take long.

The Controlling Officer also submitted that the Standing Accidents Committee met quarterly to look at all outstanding issues concerning accidents. The accident had since been reported to the Police and was heard by the Standing Accidents Committee. The Committee was informed that the Standing Accidents Committee resolved that the driver should meet the costs of repair of the said vehicle. The recoveries were being done through the payroll.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the vehicle is repaired without fail. The Committee will await a progress report on the matter.

d. Management of Liabilities – Failure to Remit Tax

The Controlling Officer submitted that the Finance Department and the Zambia Revenue Authority were working together through some training organised by the ZRA. The Committee was informed that the Provincial Administration wrote to the Zambia Revenue Authority to confirm to the auditors as to whether those suppliers who paid in full actually remitted to ZRA and confirm VAT remittances.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that disciplinary action is taken against officers who failed to withhold VAT. The Committee resolves to await a progress report on the engagement with the ZRA on the matter.

CONCLUSION

42. The Committee wishes to express its gratitude to you, Mr Speaker, and the Office of the Clerk for the support rendered to it when considering the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2019. The Committee further wishes to thank the Controlling Officers who appeared before it and the Secretary to the Treasury for their co-operation.

Finally, the Committee acknowledges the valuable input of the Auditor General, the Accountant General and that of the Controller of Internal Audit when considering submissions from the witnesses.

Mr H Kunda, MP
CHAIRPERSON

April, 2021
LUSAKA

APPENDIX I

List of National Assembly Officials

Ms C Musonda, Principal Clerk of Committees

Mr H Mulenga, Deputy Principal Clerk of Committees (FC)

Mrs C K Mumba, Senior Committee Clerk (FC)

Mrs A M Banda, Committee Clerk

Mr M Chuba, Committee Clerk

Ms I Mwiya, Typist

Mr M Chikome, Committee Assistant

Mr D Lupiya, Committee Assistant

Mr M Kantumoya, Parliamentary Messenger