



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, 2017**

FOR THE

THIRD SESSION OF THE TWELFTH NATIONAL ASSEMBLY

Printed 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, 2017, FOR THE THIRD 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 M C Munkonge, 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, 2017 for the Third Session of the Twelfth National Assembly.

Functions of Your Committee

2. The functions of the Committee are to examine the accounts showing the appropriation of sums granted by the National Assembly to meet the public expenditure, the Report of the Auditor General on the accounts and such other accounts.

Meetings of Your Committee

3. The Committee held thirty three meetings to consider the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2017.

Procedure adopted by Your Committee

4. With technical guidance from the Auditor General, the Accountant General and the Controller of Internal Audits, 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, 2017. 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 five parts. Part I of the Report deals with the Auditor General's comments and the response from the Secretary to the Treasury; Part II captures the responses from Controlling Officers on the individual audit queries; Part III contains finding from the Committee's Local tour; Part IV deals with the comments by the Secretary to the Treasury on the recommendations of the Public Accounts Committee which have been implemented or partially implemented.

PART I

PARAGRAPH 1 – Introduction

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

5. The Auditor General’s Report on the Accounts of the Republic for the Financial Year Ended 31st December, 2017 was produced in accordance with Article 250 of the *Constitution of Zambia (Amendment) Act, No. 2 of 2016* and was submitted to the President and the National Assembly in accordance with the provisions of Article 212 of the Constitution.

Audit of Public Accounts

- i.** According to Article 211 (2) of the Constitution, the Auditor General is required to examine the Financial Report on the Accounts of the Republic and express an opinion on the Report.
- ii.** Article 212 requires 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.
- iii.** Article 250 (1) (a) to (d) mandates the Auditor General to audit the following:
 - a.** the accounts of State organs, State Institutions, Provincial Administration, Local Authorities and Institutions financed from Public funds;
 - b.** the accounts that relate to the stocks, shares and stores of the Government;
 - c.** financial and Value for Money audits, including Forensic Audits and any other type of audit, in respect of a project that involves the use of Public funds; and
 - d.** ascertain that money appropriated by Parliament or raised by the Government and disbursed –
 - has been applied for the purpose for which it was appropriated or raised;
 - was expended in conformity with the authority that governs it; and
 - was expended economically, efficiently and effectively.
- iv.** *The Public Finance Act, No. 15 of 2004* under Section 44 requires the Auditor General to audit the accounts of any Statutory Corporation. The Act confers on him authority to have access to all the books, records, returns, reports and other documents relating to the accounts of any Statutory Corporation, Government department or institution under audit examination or inspection. Further, the Act authorises him to have access at any reasonable time of the day to the premises of any statutory corporation, Government department or institution under audit examination or inspection. The Act also authorises him to call for any relevant information from persons responsible for the financial administration of any statutory corporation, Government department or institution under audit examination or inspection.
- v.** *The Public Audit Act, No. 13 of 1994* requires the Auditor General to carry out audits, express an opinion and report on the accounts of the Republic of Zambia as stipulated in the Constitution of the Republic of Zambia and the *Public Finance Act, No. 15 of 2004*.

Treasury Response

The Secretary to the Treasury submitted that the matter was noted. The Auditor General undertook the audit of Government accounts for the Financial Year Ended 31st December, 2017 and expressed an opinion on those accounts in accordance with the Constitution of the Republic of Zambia and the *Public Finance Act, No. 15 of 2004*.

Committee's Observations and Recommendations

The Committee notes an improvement in the tabling of the Audit Report. The Committee is happy that the Report was tabled by 16th October, 2018. The Committee, however, urges that subsequent Audit Reports be submitted to the National Assembly by the end of September in line with the provisions of Article 212 of the Constitution of Zambia.

PARAGRAPH 2 - Submission of Financial Statements by the Minister of Finance

The Financial Statements of Government are prepared by the respective Ministries, Provinces and Spending Agencies (MPSAs) in accordance with Part II, Section 7 (6) of the *Public Finance Act, No. 15 of 2004*. The Minister of Finance is responsible for the consolidation of the Financial Statements and the preparation of the Financial Report.

Article 211 (1) of the Constitution requires the Minister of Finance to, within three months after the end of each financial year, prepare and submit to the Auditor General the Financial Report of the Republic in respect of the preceding financial year.

Article 211 (2) requires the Auditor General to, within two months of receipt of the Financial Report, examine the financial report and express an opinion on the Report.

Article 211 (3) stipulates that the Minister responsible for finance shall, within one month after the receipt of the Auditor General's opinion, lay the Financial Report, with the Auditor General's opinion, before the National Assembly.

Article 211 (4) stipulates the information that should be included in the Financial Report as follows:

- a. revenue received by the Republic during that financial year;
- b. the expenditure of the Republic during that financial year;
- c. gifts, donations and aid-in-kind received on behalf of the Republic in that financial year, their value and how they were disposed of;
- d. debt repayments;
- e. payments made in that financial year for purposes other than expenditure;
- f. the financial position of the Republic at the end of that financial year; and
- g. other information as prescribed.

The Accounts for the Financial Year Ended 31st December, 2017, in the Financial Report contained information as follows:

- Statement A - Statement of Cash Receipts and Payments;
- Statement B - Statement of Budget Execution;
- Statement C - Statement of Detailed Budget Execution;
- Statement D - Statement of Revenue and Expenditure by Functional Classification;

- Statement E - Statement of Public Debt; and
- Notes to the Financial Statements.

Treasury Response

The Secretary to the Treasury submitted that the statement by the Auditor General was correct. The Accounts for the Financial Year Ended 31st December, 2017, contained information in line with the reporting outline as prescribed in the Republican Constitution.

Committee's Observations and Recommendations

The Committee commends the Secretary to the Treasury for ensuring that the Accounts for the Financial Year Ended 31st December, 2017, contained information in line with the reporting outline as prescribed in the Republican Constitution. The Committee, therefore, urges the Secretary to the Treasury to be consistent in the release of subsequent Financial Reports.

PARAGRAPH 3 - Scope of Audit

The audit scope included Government Ministries and Provinces as contained in the Financial Report of the Republic. The audit covered revenue and expenditure on the accounts for the Financial Year Ended 31st December, 2017, as well as physical inspections of projects.

Treasury Response

The Secretary to the Treasury submitted that the scope of the audit for the financial year ended 31st December, 2017, was as indicated by the Auditor General. It included all the Government Ministries and Provinces as contained in the Financial Report of the Republic with respect to the Revenue collected during the year and review of expenditures incurred. The Auditor General also carried out physical inspection of projects whenever it was possible to do so.

Committee's Observations and Recommendations

The Committee observes that the Auditor General's Office has continued to audit selected MPSAs. The Committee, therefore, urges the Secretary to the Treasury to increase funding to the Auditor General's Office in order for the office to increase the number of MPSAs audited.

PARAGRAPH 4 - Constraints

PARAGRAPH 4 (i) Budget and Funding

During the year 2018, the Office was allocated a budget of K45,689,870 for Recurrent Departmental Charges to audit the accounts for the financial year ended 31st December, 2017. Out of this budget, only amounts totalling K30,292,646 (66 percent) were released as at 30th September, 2018. The amounts appropriated were inadequate considering the expanded mandate that includes the audit of local authorities and the fact that all the audits were supposed to be finalised by 30th September, 2018.

According to the Constitution, The Auditor General is required to audit all the ministries, provinces, spending agencies, parastatals, other statutory bodies and local authorities annually. As a result of the budget constraint, it was not possible to comprehensively audit all clients.

Treasury Response

The Secretary to the Treasury submitted that it was true that Parliament appropriated a budget provision of K45,689,870 for Recurrent Departmental Charges, for the Auditor General to audit the accounts for the financial year ended 31st December, 2017. It was also correct that amounts totalling K30,292,646 representing (66 percent) had been released to the Auditor General as at 30th September, 2018. The Committee was informed that this was due to lower revenues collected to meet numerous financial obligations that included debt servicing. In order to avert this fiscal pressure, Government in June 2018, instituted austerity measures in order to operate within the available resources.

This notwithstanding, the Secretary to the Treasury submitted that the Treasury remained committed to enhancing budget credibility and predictability, which would see the Auditor General sufficiently funded in future. This objective was being pursued through implementation of various revenue reforms aimed at expanding the resource envelop. The Committee was informed that one notable reform was the expansion of Budget Office in which more positions had been created in order for the Office to focus on revenue mobilisation and monitoring the performance of various revenue mechanisms throughout the year.

Committee's Observations and Recommendations

The Committee commends the efforts by the Secretary to the Treasury to expand the Budget Office, so as to enhance revenue mobilisation. The Committee urges the Secretary to the Treasury to ensure timely and full release of funds to the Auditor General's Office in order to avoid delays in the production of the Audit Report. However, the Committee expresses concern over the expanded mandate of the Auditor General's Office to audit local authorities and, therefore, further urges the Secretary to the Treasury to ensure more funding to the office in light of the planned fiscal decentralisation.

PARAGRAPH 4 (ii) Staff

According to the Auditor General's Report, 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. With the new legal requirements to audit all local authorities which currently were 115, the Office required additional staff to effectively carry out its mandate.

In January, 2018, the Office was able to recruit thirty nine officers following the unfreezing of some positions at the end of 2017. In June, 2018, Cabinet Office authorised an establishment of seventy eight positions for the office to audit local authorities. However, the Ministry of Finance was yet to give the Treasury Authority.

Treasury Response

The Secretary to the Treasury submitted that the Auditor General's statement on staffing was noted. The Committee was reminded that during a similar submission to it, the Secretary to the Treasury made a commitment to facilitate unfreezing of some positions under the office of the Auditor General. This had been done as alluded to by the Auditor General. On the other hand, budgetary constraints prevented the Treasury from issuing Treasury Authority to fill the seventy eight positions which were created in June, 2018. The Committee was informed that

the Secretary to the Treasury would endeavour to grant this Authority during the 2019 financial year, funds allowing.

Committee's Observations and Recommendations

The Committee appreciates the efforts by the Secretary to the Treasury of unfreezing some positions in the Office of the Auditor General. The Committee still urges the Secretary to the Treasury to grant Treasury Authority to fill the seventy eight positions created in June 2018. The Committee will await a progress report on the matter.

PARAGRAPH 5 - Audit Methodology

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

In order to ensure optimal utilisation of resources at the Auditor General's disposal, a risk based audit approach was used to prioritise clients so that resources were targeted at the most risky areas of Government operations.

Treasury Response

The Secretary to the Treasury submitted that the risk-based audit approach used by Auditor General to prioritise those Ministries, Provinces and Agencies with the most risky areas of Government operations was appreciated. This methodology was suitable for detection of weaknesses in public financial management and assisting the Executive to focus on addressing those weaknesses by putting in place appropriate internal control systems aimed at protecting public resources.

Committee's Observations and Recommendations

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

PARAGRAPH 6 - Reporting Procedures

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

Although there had been improvement in the time in which responses were received, some of the responses were not supported with sufficient documentary evidence. In this regard, some

of the issues remained outstanding due to the failure by the Controlling Officers to provide documentary evidence.

Where the issues had not been resolved, the DARPs were consolidated in the Auditor General's annual report on the accounts of the Republic for the year then ended.

Treasury Response

The Secretary to the Treasury submitted that the reporting procedure was as stated by the Auditor General. The Treasury, having observed this weakness of failure to provide the required information to the Auditor General in time, ensured the penalty for failure to provide information to the Auditor General, his Office, Accountant General and Controller of Internal Audit was stiffened.

The Secretary to the Treasury informed the Committee that this had been achieved through Section 82 of *the Public Finance Management Act, No. 1 of 2018*. Under this Section, it was a serious offence for anyone to fail to provide information to the Auditor General. The penalty was five years imprisonment as failure to provide the required financial information denied the Zambian people information on how their resources were being managed. He also submitted that going forward, it was envisaged that the Auditor General would be provided with the required responses and documentation during the audit process before the final report was produced.

Committee's Observations and Recommendations

The Committee notes the response by the Secretary to the Treasury on the matter and emphasises that the provisions of Section 82 of *the Public Finance Management Act, No. 1 of 2018* should be strictly enforced at all times. This should be done in order to curb the tendency of public officers not providing necessary information to the Auditor General during the audit.

PARAGRAPH 7 - Audit Opinion on the Accounts

The Auditor General audited the financial statements of the Government of the Republic of Zambia in accordance with Article 250 of *the Constitution of Zambia (Amendment) Act, No. 2 of 2016*, *Public Audit Act, No. 13 of 1994* and *Public Finance Act, No. 15 of 2004*. The financial statements comprised the statements; A-Statement of Cash Receipts and Payments, B-Statement of Budget Execution, C-Statement of Detailed Budget Execution, D-Statement of Revenue and Expenditure by Functional Classification, E-Statement of Public Debt as at 31st December, 2017, and notes to the financial statements.

In his opinion, the accompanying financial statements of the Government of the Republic of Zambia presented fairly, in all material respects, its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP) and Principles of International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting.

Treasury Response

The Secretary to the Treasury submitted that the opinion of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2017 was appreciated. The Committee was informed that the Government had just finalised developing the roadmap

for implementation of Accrual International Public Sector Accounting Standards (IPSAS) in Zambia. Full implementation of IPSAS was envisaged to improve the quality of reporting, enhance transparency, accountability and comparability of financial information.

Committee's Observations and Recommendations

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

Basis for Opinion

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

Treasury Response

The Secretary to the Treasury submitted that the basis of the opinion made by Auditor General was noted in that the Ministry of Finance did not interfere with the independence of the office of the Auditor General in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI) Code of Ethics together with the ethical requirements that were relevant to the Auditor General's audit of the financial statements in Zambia.

Committee's Observations and Recommendations

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

Emphasis of Matter- Crash of Integrated Financial Management Information System (IFMIS)

The Committee's attention was drawn to paragraph four of the comment by the Accountant General in respect to the IFMIS crash and challenges faced in the audit of financial statements. In light of the IFMIS crash, the Ministry used the Commitment Control/Financial Management System (CC/FMS), which was a separate standalone system, as an alternative system to prepare the financial statements. The process involved manual interventions in down loading data from the crashed system into the CC/FMS. Further, manual records were used in the audit of financial statements.

The Committee learnt that the outage of the IFMIS and its effect on the audit of financial statements did not change the Auditor General's opinion.

Treasury Response

The Secretary to the Treasury submitted that the audit observation by the Auditor General was correct. The Integrated Financial Management Information Systems (IFMIS) crashed on 29th January, 2018. The crash was mainly due to old hardware that required replacement. It was unfortunate that at the time the crash occurred, the Treasury through SMART Zambia

Institute (SZI) had just acquired the new equipment to replace the old. Nevertheless, the IFMIS was restored on 4th April, 2018 and all institutions were back on IFMIS by 30th June, 2018. The Committee was informed that the Treasury had since put in place measures to ensure business continuity in the event of failure of the IFMIS. The Committee was further informed that the Government through SZI had secured a data recovery mechanism that would ensure the quickest recovery in case of failure of IFMIS hardware.

Committee’s Observations and Recommendations

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

PARAGRAPH 7.3 - Key Audit Matters

Key audit matters were those matters that, in the Auditor General’s professional judgement, were of most significance in his audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming an opinion thereon, and the Auditor General did not provide a separate opinion on these matters.

No.	Key audit matter	How the Matter was addressed in the audit
1.	Frequent Road User Discount (FUD) is applied at 25 percent on a Toll fee of K20 and K40 on eligible vehicles that pass through the tollgate at least ten consecutive times within a month. In view of the above, significant judgement was required in the interpretation of the FUD policy and its application was difficult in assessing compliance by toll stations. Hence the discount was identified as a Key Audit Matter.	<ul style="list-style-type: none"> - Determining the eligibility of frequent road users – motorists. - Understanding the FUD policy statement. - Understanding the configuration of the discount of 25 percent in the Toll Management System. - Checking the awarding of 25 percent discount to non-eligible motorists. - Checking the inconsistency in the application of the FUDs by station Managers.
2.	IFMIS is a key system that is used in capturing and recording of financial data. It is also used in the production of financial reports. At the beginning of 2018, the system crashed. During the audit of 2017 accounts, manual records availed for audit could not be verified with system records. In view of the system outage, IFMIS was considered a Key Audit Matter.	<ul style="list-style-type: none"> - Determining the procedures followed in system and data restoration. - Interviewing key personnel on the effect of system outage on Statement ‘C’. - Determining the consistency of transactions before and after the IFMIS crash. - Conducting a post-crash data validation exercise to check for completeness and integrity of recovered data. - Comparing data in pre-IFMIS crash to the restored post-IFMIS crash. - Checking the completeness of manual records. - Checking the completeness of funding and payments in the manual cash books. - Comparing manual cashbook entries to the financial statement ‘C’.

3.	Personal emoluments constitutes 28.89 percent of the total expenditure K71,839,547,804. In view of the financial materiality of the component, personal emoluments were identified as a Key Audit Matter	<ul style="list-style-type: none"> - Determining the eligibility of staff in Ministries, Provinces and Spending Agencies (MPSAs) - Checking the establishment register for the existence of the vacancies against treasury authority - Comparing staff registers with human resources records kept by MPSAs. - Comparing the human resources staff listing and the payroll. - Checking for the existence of duplicated employees on the payroll. - Reviewing the files of persons that have been separated from the entity. - Establishing the amount indicated for emoluments in the yellow book to amounts spent - Establishing the existence of employees with duplicated National Registration Card numbers and account numbers. - Checking for all employees without any payment methods and establishing how they were paid.
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Treasury Response

The Secretary to the Treasury submitted that the key audit findings were noted and the Treasury, in consultation with Cabinet, had commenced comprehensive interventions aimed at addressing them. For instance, after identification of various weaknesses in the management of the Government payroll, Cabinet directed the movement of the management of the Government payroll from the Public Service Management Division to the Ministry of Finance. The Committee learnt that the handover had since been done and payroll management, personnel cost planning, accounting and audit were under Ministry of Finance, the Accountant General to be specific. The Committee further learnt that this measure was expected to enhance controls in management of the Government payroll as accountants in Ministries and Provinces would be undertaking regular reconciliations in line with the requirements of the law. He also submitted that Cabinet approved an expanded structure for SZI in order to make this important institution more effective in responding to technological challenges such as the IFMIS crash.

Committee's Observations and Recommendations

The Committee commends the Secretary to the Treasury for commencing comprehensive interventions aimed at addressing the highlighted key audit matters. The Committee nevertheless urges the Secretary to the Treasury to make funds available to operationalise the expanded structure for Smart Zambia Institute in order to make this important institution more effective in responding to ICT challenges that may be encountered. The Committee will await a progress report.

PARAGRAPH 7.4 - Responsibilities of Management and those Charged with Governance for the Financial Statements

The Auditor General observed that the Minister of Finance was responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and Principles of International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting and for such internal controls as management determines necessary to enable the preparation of financial statements that were free from material misstatements, whether due to fraud or error.

Those charged with governance were responsible for overseeing the Government's financial reporting process.

Treasury Response

The Secretary to the Treasury submitted that the audit observation was noted. The Minister of Finance, as Head of the Treasury, was in charge of overseeing the Government's financial reporting process. In this regard, in the year under review, the Minister provided the necessary leadership to ensure that the Financial Report for the Republic was produced despite the IFMIS crash that would have impeded this important constitutional requirement.

Committee's Observations and Recommendations

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

PARAGRAPH 7.5 - Auditor's Responsibilities for the Audit of the Financial Statements

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

The Auditor General also:

- i. Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that was sufficient and appropriate to provide a basis for the Auditor General's opinion. The risk of not detecting a material misstatement resulting from fraud was higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- ii. Obtained an understanding of internal controls relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal controls.
- iii. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary to the Treasury.

- iv. Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represented the underlying transactions and events in a manner that achieved fair presentation.

The Auditor General explained that he communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls identified during the audit. The Auditor General also explained that he provided those charged with governance with a Statement that he had complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on his independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, he determined those matters that were of more significance in the audit of the financial statement of the current period and were, therefore, the Key Audit Matters. He described these matters in the audit report unless the law or regulation precluded public disclosure about the matter or when, in extremely rare circumstances, he determined that a matter should not be communicated in his report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Treasury Response

The Secretary to the Treasury submitted that the audit responsibilities of the Auditor General were noted and the objective of obtaining reasonable assurance was appreciated. It was clear from the Auditor General's statement above that due care was taken to produce the audit report in line with the requirements.

Committee's Observations and Recommendations

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

PARAGRAPH 7.6 - Report on other Legal and Regulatory Requirements

In the Auditor General's opinion, the Financial Statements of the Government of the Republic of Zambia as at 31st December, 2017, had been properly prepared in accordance with Article 211(1) of the *Constitution of Zambia (Amendment) No. 2 of 2016* and the *Public Finance Act, No. 15 of 2004*.

Treasury Response

The Secretary to the Treasury submitted that the facts were as stated by the Auditor General. In preparing the Financial Statements for the year under review, the Treasury complied with the requirements of Article 211(1) of the *Constitution of Zambia (Amendment) No. 2 of 2016* and the *Public Finance Act, No. 15 of 2004*.

Committee's Observations and Recommendations

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

PARAGRAPH 8 - Public Finance Management Act No. 1 of 2018

On 11th April, 2018, the Government enacted the *Public Finance Management Act, No. 1 of 2018* to provide for an institutional and regulatory framework for management of public funds; the strengthening of accountability, oversight, management and control of public funds in the public financial management framework; responsibilities and fiduciary duties of

controlling officers and controlling bodies; enhancement of cash management systems to ensure efficient and effective utilisation of cash for the Government; the processes for efficient production of the Financial Report for the Republic; the management and control of public assets and stores and the repeal of the *Public Finance Act, No. 15 of 2004*.

Treasury Response

The Secretary to the Treasury submitted that the Auditor General's statement above was agreed to. The Treasury was reviewing the Financial Regulations of 2006 and Stores Regulations of 1969 in order to bring them in line with the newly enacted *Public Finance Management Act, No.1 of 2018*. This would further strengthen the public financial management framework and would go a long way in sealing leakages and enhancing the prudent management of public resources.

Committee's Observations and Recommendations

The Committee notes the Secretary to the Treasury's response. However, the Committee urges the Secretary to the Treasury to urgently finalise the review of the Financial Regulations of 2006 and Stores Regulations of 1969 in order to bring them in line with the newly enacted *Public Finance Management Act, No.1 of 2018*. The Committee will await a progress report on the matter.

PARAGRAPH 9 - Weakness in Internal Controls

There were weaknesses in the implementation of internal controls observed in MPSAs which included:

- i.** inadequate follow-up of implementation of Service Level Agreements with Commercial Banks in respect of funds collected on behalf of MPSAs and hence delays in sweeping funds to Bank of Zambia (Control 99);
- ii.** failure and delays in the collection of Government revenue;
- iii.** failure to carry out monthly bank reconciliations, resulting in failure to detect anomalies such as overpayments, under/over-banking, unauthorised payments and misappropriation;
- iv.** poor monitoring of implementation of projects and programmes such as the Social Cash Transfer Scheme leading to non-adherence to guidelines;
- v.** lack of control by responsible officers in payments of subsistence allowances, for example where officers were paid days exceeding a calendar year and final payments made not in line with approved budgets;
- vi.** failure to adhere to Cabinet Office and other circulars, Terms and Conditions of Service for the Public Service, Foreign Service Regulations and Conditions of Service and Financial Regulations; for example overpayment of foreign service allowances, payment of subsistence allowances at incorrect rates, payment for fuel without using the prescribed formula, payment of meal and subsistence allowances to officers working within the district boundaries, payment of rural and remote hardship allowances for stations not eligible;
- vii.** failure to adhere to contract provisions leading to wrong payments to contractors and payments for goods and services not supplied;
- viii.** poor record keeping leading to failure to maintain books of accounts, missing payment vouchers and unsupported payments;

- ix. weaknesses in the controls on the use of the Integrated Financial Management Information System (IFMIS) and the Treasury Single Account (TSA); and
- x. failure to follow the Appropriation Act and Financial Regulations leading to misapplication of funds, that is, use of funds budgeted for a programme on an unrelated programme without authority from the Secretary to the Treasury.

Treasury Response

S/N	Weakness	Control Measures
(i)	Inadequate follow-up of implementation of Service Level Agreements (SLAs) with Commercial Banks in respect of funds collected on behalf of MPSAs and hence delays in sweeping funds to Bank of Zambia (Control 99)	The Secretary to the Treasury submitted that as this was an important area for revenue management, the Treasury had established a Treasury Department Under Office of the Accountant General to manage SLAs with Banks and enforce legal provisions.
(ii)	Failure and delays in the collection of Government revenue	The Secretary to the Treasury submitted that the Government had enacted the <i>Public Finance Management Act, No.1 of 2018</i> that had stiffer penalties for failure to deposit and collect Government Revenue.
(iii)	Failure to carry out monthly bank reconciliations resulting in failure to detect anomalies such as overpayments, under/over-banking, unauthorised payments and misappropriation	<ul style="list-style-type: none"> • The Secretary to the Treasury submitted that there were Directors of Finance who had been empowered to ensure reconciliations, and internal controls were put in place to detect anomalies and misappropriation; • The Secretary to the Treasury submitted that the Government had enacted the <i>Public Finance Management Act, No.1 of 2018</i> that had stiffer penalties for failure to reconcile accounts and misappropriation.
(iv)	Poor monitoring of implementation of projects and programmes such as Social Cash Transfer Scheme leading to non-adherence to guidelines.	The Secretary to the Treasury submitted that the Government ensured enactment of the <i>Public Finance Management Act, No.1 of 2018</i> that required all donor funds to be channelled through the consolidated fund and accounted for using established systems (IFMIS) for audit trail purposes.
(v)	Lack of control by responsible officers in payment of subsistence allowances for example where officers are paid days exceeding a calendar year and final payments made not in line with approved	The Secretary to the Treasury submitted that this was financial misconduct under the <i>Public Finance Management Act, No.1 2018</i> . Any Office holder who abrogated this Act would be held

	budgets.	accountable accordingly.
(vi)	Failure to adhere to Cabinet Office and other circulars, Terms and Conditions of Service for the Public Service, Foreign Service Regulations and Conditions of Service and Financial Regulations; for example overpayment of foreign service allowances, payments of subsistence allowances at incorrect rates, payments of fuel without using the prescribed formula, payments of meal and subsistence allowances to officers working within the district boundaries, payment of rural and remote hardship allowances for stations not eligible.	The Secretary to the Treasury submitted that this was financial misconduct under the <i>Public Finance Management Act, No.1 of 2018</i> . Any Office holder who abrogated this Act would be held accountable accordingly.
(vii)	Failure to adhere to contract provisions leading to wrong payments to contractors and payments for goods and services not supplied.	The Secretary to the Treasury submitted that Controlling Officers had the responsibility to account for all finances for the Republic. Government through the <i>Public Finance Management Act, No.1 of 2018</i> , Section 52 to be specific, placed responsibility on an office holder to be liable for causing loss to the Government, which was considered to be financial misconduct. Therefore, the Secretary to the Treasury's Office had been taking action against such office holders.
(viii)	Poor record keeping leading to failure to maintain books of accounts, missing payment vouchers, and unsupported payments.	The Secretary to the Treasury submitted that the Government had set up an internal oversight Committee at Cabinet Office to ensure incompetent office holders were punished according to the Disciplinary Code.
(ix)	Weaknesses in controls on the use of the Integrated Financial Management Information System (IFMIS) and the Treasury Single Account (TSA).	The Secretary to the Treasury submitted that the two phenomena were new. However, the Treasury had ensured an authentic audit trail for all transactions going through IFMIS and TSA in addition a data recovery mechanism for both technological platforms. In 2019, the Treasury intended to invest into capacity building to ensure the two platforms were effectively sustainable.
(x)	Failure to follow the Appropriation Act and Financial Regulations, leading to misapplication of funds, that is, use of funds budgeted for a programme on an unrelated programme without authority	The Secretary to the Treasury submitted that the Government had continued to implement output based budget (OBB). Further, through the revision of financial regulations of 2006, the Treasury was

	from the Secretary to the Treasury.	placing more responsibility on Controlling Officers to manage variation of funds to a prescribed extent only. Sensitisation of office holders was also being done. These measures were envisaged to reduce misapplication of public funds.
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Committee’s Observations and Recommendations

The Committee notes the Secretary to the Treasury’s responses and resolves to await a progress report on the realisation of the control measures as stipulated.

PARAGRAPH 10 - Trend Analysis of the Resolution of Audit Issues as per Treasury Minutes (2012 to 2014)

The trend analysis of audit issues in the reports of the Auditor General on the accounts of the Republic for the financial years ended 2012, 2013 and 2014 showed that there had been a 68 percent increase in audit issues from 719 in 2012 to 1,215 in 2014. The analysis further showed that despite the Public Accounts Committee (PAC) making recommendations to resolve the issues, the outstanding issues had only reduced by 47 percent from 927 reported in September, 2017 to 438 as at 30th September, 2018. It must be noted that the 2015 and 2016 Treasury Minutes were still being compiled by the Ministry of Finance.

From the trend analysis above, there was need for the Secretary to the Treasury to ensure that audit recommendations of the Auditor General and PAC were implemented in order to enhance public financial management. Further, the failure to promptly implement the recommendations could lead to matters being statute barred.

Treasury Response

The Secretary to the Treasury submitted that the Auditor General’s observation was noted and the Treasury was making efforts in ensuring that audit recommendations were implemented and that resources were made available to the Committee of Officials set up to follow up these issues so as to expeditiously deal with outstanding issues.

Committee’s Observations and Recommendations

The Committee notes the response by the Secretary to the Treasury on the matter but expresses serious concern on the huge backlog of unresolved audit issues. The Committee strongly recommends that the Secretary to the Treasury takes very keen interest in this matter and ensure that the issues are addressed so as to strengthen the management of public resources. The Committee also implores the Secretary to the Treasury to ensure the Treasury Minutes are prepared and tabled in Parliament timely in accordance with Standing Order No. 147 of the National Assembly Standing Orders, 2016.

Executive Summary

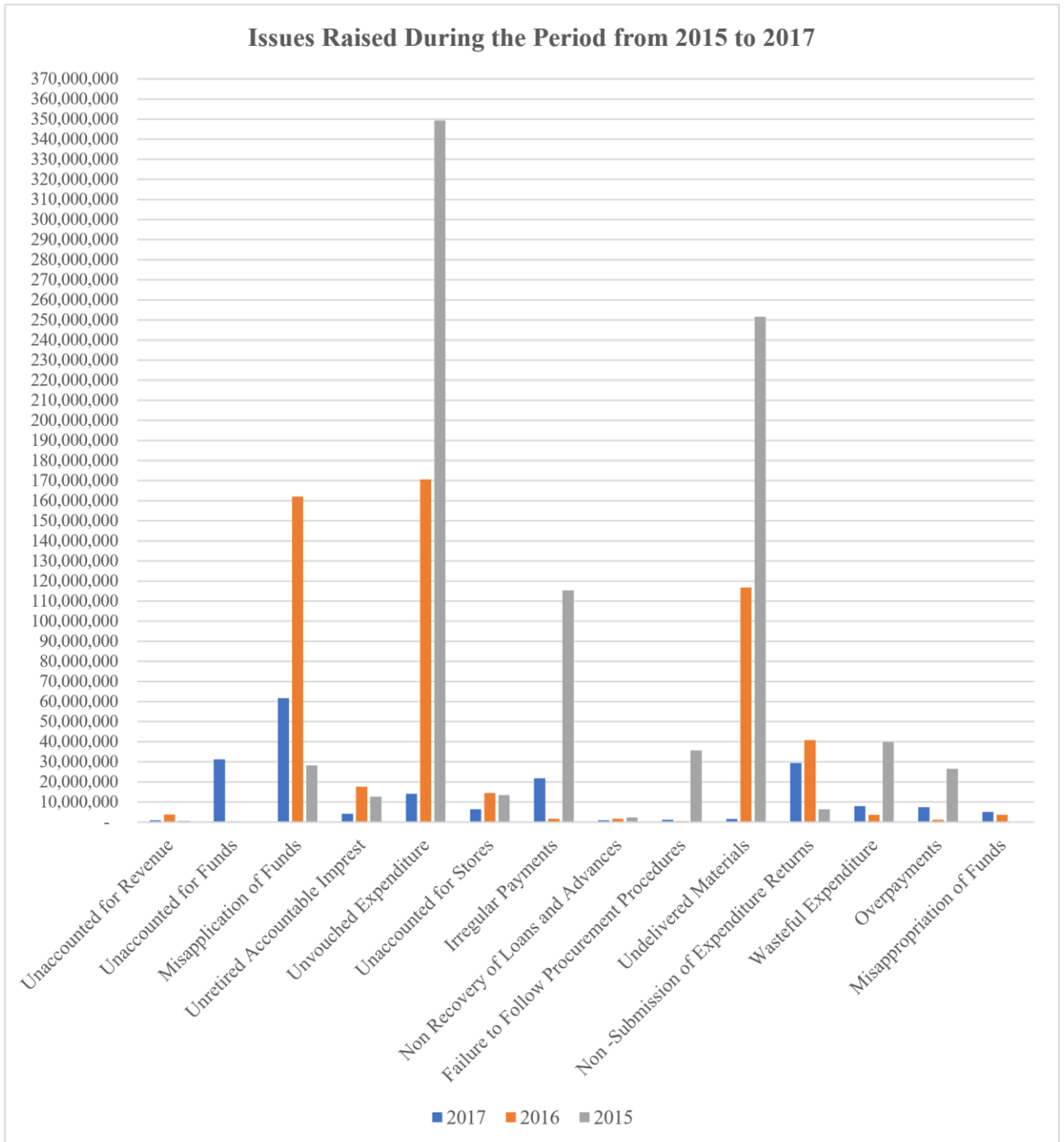
This Report has been produced in accordance with Article 250 of *the Constitution (Amendment) Act, No. 2 of 2016* of the Republic of Zambia, *Public Finance Act, No. 15 of 2004* and *Public Audit Act, No. 13 of 1994*.

During the audit process, there were various levels at which the Office of the Auditor General 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 Auditor General's Report on the Accounts of the Republic for the Financial Year Ended 31st December, 1017 contained seventy four paragraphs consisting of sixty one paragraphs on audit matters and thirteen paragraphs on other matters. The sixty one paragraphs on audit matters reflected issues that could not be resolved during the audit process and on which corrective actions were not undertaken as at 24th September, 2018. In addition, the Report contained audit recommendations which were aimed at addressing the issues of concern observed during the audit process.

The comparative summary of some of the issues contained in the report are outlined in the table below.

Details	2017 K	2016 K	2015 K
Unaccounted for Revenue	873,649	3,700,509	558,449
Unaccounted for Funds	31,200,930	386,834	193,910
Misapplication of Funds	61,657,450	162,095,699	28,153,997
Unretired Accountable Imprest	4,073,434	17,559,399	12,659,892
Unvouched Expenditure	14,137,189	170,554,478	349,306,160
Unaccounted for Stores	6,370,531	14,428,573	13,460,323
Irregular Payments	21,791,360	1,591,348	115,350,860
Non Recovery of Loans and Advances	901,507	1,689,982	2,352,451
Failure to Follow Procurement Procedures	1,051,686	509,535	35,701,492
Undelivered Materials	1,486,568	116,759,240	251,523,804
Non -Submission of Expenditure Returns	29,409,484	40,705,270	6,308,762
Wasteful Expenditure	7,865,395	3,586,879	39,854,959
Overpayments	7,437,149	1,061,247	26,559,013
Misappropriation of Funds	5,036,051	3,618,127	-



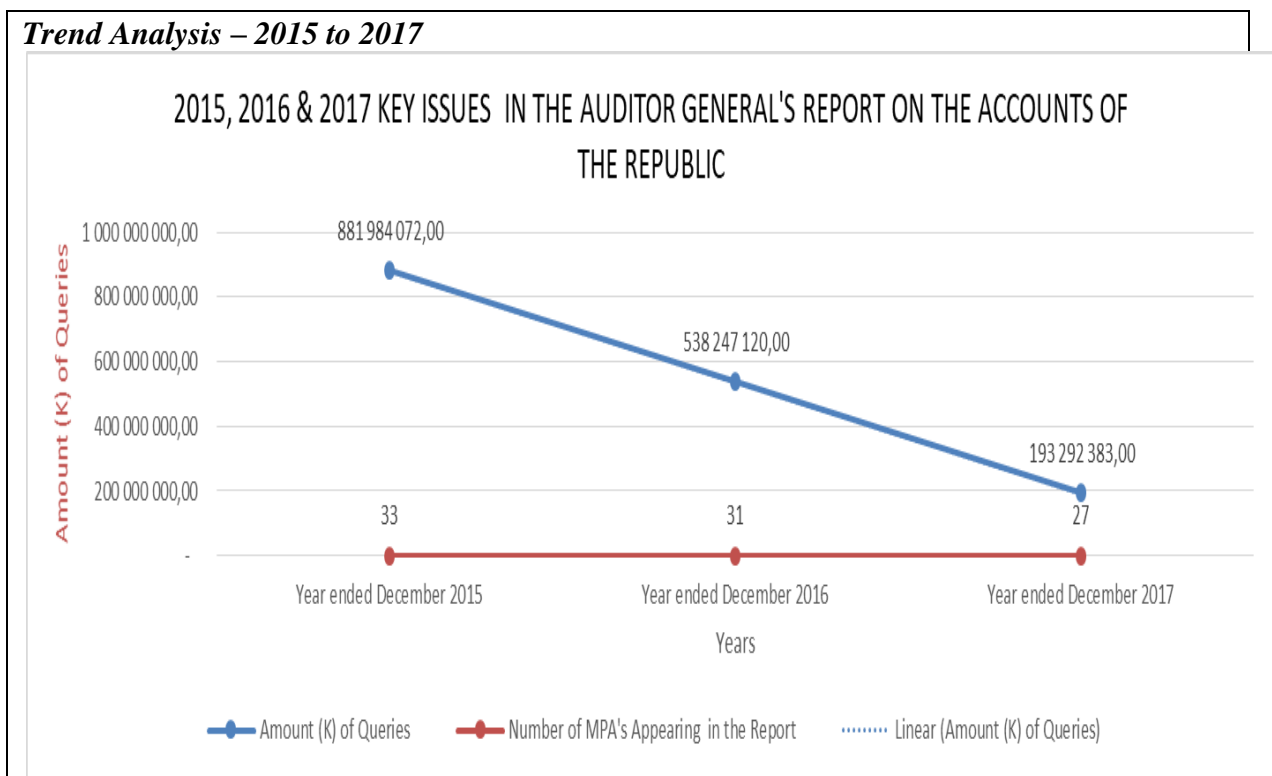
During the period under review, the trend of irregularities raised had remained similar to the previous two years. However, the Report on the Audit of the Accounts of the Republic for the Financial Year Ended 31st December, 2017, showed an increase in irregularities for unaccounted for funds, irregular payments, wasteful expenditure, overpayments, failure to follow procurement procedures and misappropriation of funds compared to the previous year.

Treasury Response

The Secretary to the Treasury submitted that the audit observation was true. There was an increase in irregularities for unaccounted for funds, irregular payments, wasteful expenditure,

overpayments, failure to follow procurement procedures and misappropriation of funds compared to the previous year. This was regrettable. However, the Committee was informed that the Treasury was committed to implementing adequate measures to enhance internal controls to curtail the irregularities.

He also submitted that, after analysis, the public financial management reforms being undertaken by the Treasury had essentially started showing results as could be seen in the graph below:



Based on the graphical presentation above, the Committee was informed that there had been a reduction in the total number of Ministries, Provinces and Agencies appearing in the Auditor General's Report (From 33 in 2015 to 27 in 2017). Similarly, the total value of audit queries had reduced from K881,984,072 in 2015 to K193,292,383 in 2017 representing a 78 percent decrease in the total value of queries.

Committee's Observations and Recommendations

The Committee notes the response by the Secretary to the Treasury on the matter but expresses dissatisfaction over the state of affairs and calls for more concerted efforts to curb financial irregularities in MPSAs. The Committee also urges the Secretary to the Treasury to implement the *Public Finance Management Act, No.1 of 2018* to the letter to ensure improved public financial management.

ZAMBIA REVENUE AUTHORITY

AUDIT QUERY : PARAGRAPH 11

PROGRAMME : 2011 Tax Revenue
ACTIVITIES : 111 Income Tax
: 112 Customs and Excise Duty

Accounting and Other Irregularities

6. An examination of accounting and other records maintained at ZRA Headquarters and a visit to thirteen selected stations carried out in June, 2018 revealed various irregularities, to which the Secretary to the Treasury responded as outlined below.

a. Domestic Taxes

i. Worsening Arrears of Domestic Tax – K31,144,696,256

The Secretary to the Treasury noted the audit observation on the outstanding and aggregate debt positions, which included Government related Tax Arrears and Private Debt. However, he submitted that this debt continued to rise on a daily basis due to system computed interest and penalties. He also submitted that in order to mitigate the situation, Zambia Revenue Authority had continued to issue demand on private debt, while continuing to engage Government on the settlement of the Government debt.

The Secretary to the Treasury further submitted that as part of the ZRA resource optimisation strategy, the focus was on collectable private debt which stood at K7,936.8 million principal tax at the beginning of 2017 and had substantially been reduced to K3,498.9 million principal tax at the end of 2017. The collection of K4,438 million debt in the year under review was largely attributed to the Tax Amnesty, representing a 55.9 percent success rate of collectable private principal tax. It must be noted that the condition of the Tax Amnesty was that the interest and penalties were only waived once the Tax payer's principal tax was zero.

Committee's Observations and Recommendations

The Committee finds it regrettable that despite the Secretary to the Treasury assuring the previous Committee that the conclusion of the Tax Amnesty at the end of December, 2017, would drastically reduce the debt stock of the penalties and interest, the opposite had occurred. The Committee urges the Secretary to the Treasury to seriously engage ZRA to issue demand notices on private debt, without fail, while considering the option of debt swap to offset the Government debt. The Committee will await a progress report on the matter.

ii. Failure to Configure Tax Amnesty on Penalties and Interests on Tax Online – K8,000,000,000

The Secretary to the Treasury acknowledged the Auditor General's observation and submitted that the Tax Online System had configuration challenges. In this regard, Zambia Revenue Authority had engaged the system providers, Tata Consultants to rectify the challenges.

He regretted that the officers in charge of the Tax Amnesty did not avail the records to the Auditors during the audit. In this regard, Management was instructed to caution the officer for failure to avail the records. However, with regard to the Revenue collected during the Tax Amnesty, the Secretary to the Treasury informed the Committee that ZRA collected a total of K4,438 million against the collectable amount of K7,936.9 million. He also clarified that K8 billion was never the target for the Tax Amnesty in 2017 but was the established collectable amount on Time to Pay Agreements and not for the Amnesty.

Committee's Observations and Recommendations

The Committee finds it unacceptable that an institution which is directly under the charge of the Secretary to the Treasury, one of whose functions, is to design and implement effective controls, risk management and governance systems in public bodies, could not urgently address the Tax Online System configuration challenge and avail the records pertaining to the revenue collected as a direct result of the Tax Amnesty, for audit.

The Committee, therefore, urges the Secretary to the Treasury to ensure that the Tax Online System is configured forthwith and measures put in place to manage any threats to the system. The Committee further urges the Secretary to the Treasury to seriously address the issue of poor record keeping at ZRA to ensure efficiency and effectiveness in the operations of the institution. In addition, disciplinary action should be taken against officers who failed to avail necessary records for audit. The Committee will await a progress report on the matter.

iii. **Tax Refunds Paid to Tax Payers owing ZRA in Other Tax Types – K5,490,270,003**

The Secretary to the Treasury acknowledged that the audit observation was correct as regards the Tax Refund Policy. He submitted that the taxpayers highlighted by the Auditor General were paid the VAT refunds despite having outstanding tax liabilities (interest and penalties) after reviewing their past compliance adherence within the same tax regimes of Withholding VAT scheme. He indicated that such payments were normal once the reasons for the taxpayers' delayed payment were reconciled.

Committee's Observations and Recommendations

While noting the submission by the Secretary to the Treasury, the Committee contends that ZRA should have made relevant documents available during the audit process. These include documents detailing the outcome on the review of the past compliance adherence scheme by the Taxpayers in question as well as regulations which allow ZRA to set aside the provisions of the Treasury Procedure Manual in such circumstances.

The Committee, therefore, urges the Secretary to the Treasury to ensure that ZRA avails these documents to the office of the Auditor General without delay. The Committee will await a progress report on the matter.

iv. **Failure to Enforce Honouring of Time to Pay Agreements (TPAs) – K4,149,176,948**

The Secretary to the Treasury noted the audit observation and submitted that Zambia Revenue Authority had endeavoured to adhere to the Public Accounts Committee's

recommendation by vigorously enforcing its debt collection instruments. In this regard, in the year under review, the Authority had 1,250 cases valued in excess of K17.291 billion that were under consideration by Account Managers to reconcile various aspects as presented by the taxpayers when demanded to make payments.

With regard to warrants of distress for 102 cases valued at K103 million, the Secretary to the Treasury submitted that warrants for taxpayers with low value assets compared to pending invoices that had not been paid could not be issued and the Authority was exploring other ventures to recover the debt.

The Secretary to the Treasury informed the Committee that the Authority also placed garnishees at source for 1,922 cases with, among others, KCM, Mopani, ZESCO, NRFA, Ministry of Finance, Zambia Army and Barclays Bank. This was done purposely to recover the much needed government revenue as and when these institutions were making payments to taxpayers who owed the Authority taxes.

The Secretary to the Treasury further informed the Committee that the Authority placed garnishees on bank accounts of taxpayers for 107 cases to recover debt. The Authority also enquired with Ministry of Lands if the defaulting taxpayers had any pieces of land in their names so that they could recover from that as well, but most of them did not.

He also submitted that the process of reviewing the Time Pay Agreements was ongoing and the necessary debt collection instruments would, where necessary be enforced.

Committee's Observations and Recommendations

The Committee is alarmed that out of K4,149,176,948 in respect of 3,282 Time to Pay Agreements, only K522,717 was honoured. The Committee, therefore, questions the commitment of ZRA to collect taxes. While the Committee notes the efforts by ZRA management to recover the outstanding tax arrears, it observes that the Authority is taking too long to recover the arrears, especially that even the previous Committee had made a recommendation for ZRA management to come up with a payment plan for defaulters.

The Committee, strongly recommends that as a matter of urgency, ZRA institutes other debt recovery measures such as warrants of distress for the 102 cases valued at K103 million. The Committee will await a progress report on the matter.

b. Customs Taxes

i. Unaccounted for Removals in Transit (RIT) – K15,040,048

The Secretary to the Treasury informed the Committee that the transits cited had been outstanding due to various reasons such as court cases, seizure of transit goods, technical challenges in acquitting and pending cancellations. 114 transits with total guarantee amount of K8,457,336.90 related to a pending court case between Zambia Revenue Authority and Fedrol Logistics, which accounted for 56 percent of the outstanding total amount of K15,040,048.

Committee's Observations and Recommendations

The Committee notes the response and urges the Secretary to the Treasury to ensure that ZRA management expeditiously processes matters relating to the seizure of transit goods and technical challenges in acquitting and pending cancellations, which are contributing to the outstanding dues. The Committee further expresses disappointment that ZRA did not avail court documents to the Office of the Auditor General during the audit process and cautions that this should not recur in future. The Committee urges the Secretary to the Treasury to take disciplinary action against officers who failed to avail documents during the audit process. The Committee will, therefore, await a progress report.

ii. **Amounts Owed in Customs Taxes – K781,336,097**

The Secretary to the Treasury submitted that 54 percent of the debt related to Government Ministries, Agencies and Statutory Bodies whose import liabilities were cleared through Ministry of Finance generated Government vouchers. These debts had remained outstanding due to the failure by contracted clearing agencies to remit the said vouchers. In order to address this shortcoming, the Ministry of Finance had since been connected online to the ASCUYDA World to facilitate real-time acquittal of Government vouchers.

As regards the debtors other than Government, the Secretary to the Treasury submitted that the Debt Collection Unit of the ZRA was analysing the debt to establish which debt was collectable in order to take the necessary action. Where ultimately the debt was not collectable for cases where taxpayers were untraceable, particularly individuals, a recommendation for write-off to the Ministry would be done.

Committee's Observations and Recommendations

The Committee appreciates the efforts by ZRA to connect the Ministry of Finance online to the ASCUYDA World platform to facilitate real-time acquittal of Government vouchers. However, it observes that the Authority has not given a time frame in which the Debt Collection Unit of ZRA was going to analyse the debt to establish which debt was collectable, in order to take the necessary action.

The Committee urges the Secretary to the Treasury to ensure that ZRA comes up with a debt collection strategy and actualise it urgently. The Committee will await a progress report on the matter.

iii. **Unlicensed Bonded Warehouses with Goods in Bond – K3,817,752,077**

The Secretary to the Treasury submitted that the Authority was addressing the issue of the nineteen unlicensed bonded warehouses and appropriate action would be taken according to the law.

Committee's Observations and Recommendations

The Committee is disappointed that an action of this nature, which could have resulted into loss of Government revenue, was allowed to happen at ZRA where internal control structures are in place. The Committee finds the total disregard of the provisions of Section 43 of the *Customs and Excise Act, Chapter 322 of the Laws of Zambia* by allowing nineteen unlicensed Bonded warehouses to operate unacceptable.

The Committee, therefore, urges the Secretary to the Treasury to quickly finalise the investigations into the matter and urgently take appropriate action against the officers who disobeyed the laid down customs procedures leading to this irregularity. The Committee will await a progress report on the matter.

iv. **Unaccounted for Report Orders – Livingstone – K1,114,154**

The Secretary to the Treasury submitted that the Zambia Revenue Authority had commenced the process of suspending the TPINs for the affected importers and declarants. In addition, the Debt Recovery Unit had been tasked to pursue the agents in order to recover customs taxes in amounts totalling K1,114,154. In order to resolve the loopholes in the Report Order System, the Authority had since abolished it and final clearance of entries was being done at the entry points.

Committee’s Observations and Recommendations

The Committee notes the remedial actions taken by ZRA and therefore, resolves to await a progress report on the matter.

v. **Missing Goods – Nakonde Warehouse – K563,821**

The Secretary to the Treasury submitted that the acquittal details or the actual goods for the cited items had been located except for three consignments of maize which were handed over to the Ministry of Agriculture who had since been contacted to provide the disposal details.

Committee’s Observations and Recommendations

The Committee finds it regrettable that because of poor record keeping, ZRA could not avail the acquittal details at the time of Audit, bringing into question the authenticity of the purportedly traced documents. The Committee urges the Secretary to the Treasury to ensure that appropriate disciplinary action is taken against the responsible officers for this omission to avoid the recurrence of the matter. The Committee further urges the Secretary to the Treasury to ensure that all acquittal details pertaining to the three consignments of maize which were handed over to the Ministry of Agriculture are made available to the Office of the Auditor General for verification. The Committee will await a progress report on the matter.

vi. **Missing Motor Vehicles – Nakonde and Mwami State Yards – K369,702**

The Secretary to the Treasury submitted that one of the two vehicles under query had since been acquitted and documents were available for audit scrutiny. However, the Authority was still trying to locate the acquittal details for the other vehicle and the records would be made available to the auditors for verification once they were located.

Committee’s Observations and Recommendations

The Committee finds it unacceptable that the Secretary to the Treasury can allow such a high level of ineffectiveness, inefficiency and weak internal controls at ZRA, which is directly under his charge. The Committee is of the view that this is a very bad example to other Controlling Officers by the Chief Controlling Officer and does not inspire confidence in the ability of his office to enforce the financial regulations throughout the public service.

In order to mitigate this, the Committee urges the Secretary to the Treasury to come up with measures that will augment the internal controls in ZRA and also ensure that the acquittal details for the missing vehicle are located and made available to the Auditors for verification.

**MINISTRY OF TRANSPORT AND COMMUNICATIONS - ROAD
TRANSPORT AND SAFETY AGENCY**

AUDIT QUERY : **PARAGRAPH 12**
PROGRAMME : 2021 Non Tax Revenue
ACTIVITY : 122070 Road Traffic Collections

Accounting and Other Irregularities

7. An examination of accounting and related records maintained at RTSA headquarters Premium House and other stations carried out from January to June, 2018 revealed various irregularities to which the Secretary to the Treasury responded as outlined below.

a. RTSA Revenue Matters

i Delayed Transfer of Revenue to Bank of Zambia – K2,214,376

The Controlling Officer submitted that the revenue transit accounts were administered by the Treasury and the Agency's responsibility was to report to the Ministry of Finance any irregularities that were observed. The Agency communicated to the Ministry of Finance over the delayed remittances to the Bank of Zambia. A notice of penalties had also been submitted to the Ministry of Finance for action and the Ministry had since written to the affected banks.

Committee's Observations and Recommendations

The Committee observes with regret the lapse on the part of the Controlling Officer to initiate the process to charge the defaulting banks with penalties in line with the Service Level Agreements (SLAs). The Committee, therefore, insists that the penalties be enforced without further delay in order to deter a recurrence of delayed remittances. The Committee will await a progress report on the matter.

ii Uncollected Revenue - Towing Trucks – K134,860

The Controlling Officer submitted that out of the uncollected amount of K134,860, the Agency had since collected K14,675 from three owners, leaving a balance of K120,185. The Agency had also written to the vehicle owners with outstanding towing charges, giving them one month to pay. The vehicles had also been blocked on e-ZamTIS, ensuring that the owners would not be able to access RTSA services, unless the fees were paid. Failure to honour the payments in the one month grace period extended to the owners would result in the Agency instituting civil proceedings to recover the debt.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and ensure that the remaining balance of K120,185 is collected without any further delay. The Committee will await a progress report on the matter.

iii Lack of Mechanism to Verify Accuracy of Gross Vehicle Mass

- **Revenue Loss from Under Declared GVM - J & J Transport Zambia Limited – K109,000**

The Controlling Officer submitted that the bill of lading and invoices were not among the requirements for first registration as enshrined in Part III, which provided for registration of motor vehicles and trailers, of *the Road Traffic Act, No. 11 of 2002*. The third party information contained on the bill of lading or invoices may not be reliable and was open to manipulation at source. The mechanism for verification of GVM was in place and the examiners verified the GVM of all vehicles during roadworthiness examinations.

The Controlling Officer also submitted that the Agency had continued to pursue the affected transporters and had instituted legal action for false declaration of GVM. The subject offence was punishable by a fine not exceeding twenty five thousand penalty units or Kwacha equivalent K7,500. Going forward, the Agency had provided a schedule of GVMs for various motor vehicle makes and models to guide in GVM verification.

Committee's Observations and Recommendations

The Committee finds the lapse by the Agency to put mechanisms in place to capture the correct GVMs, unacceptable. The Committee urges the Controlling Officer to ensure that the provided schedule of GVMs for various motor vehicles makes and models to guide in GVM verification are not easily manipulated by unscrupulous officers. The Committee, however, resolves to await a progress report on the outcome of the legal action instituted against J and J Transport Zambia Limited for false declaration of GVM.

- **Revenue Loss from Under Declared GVM – Freight and Passenger Services – K51,000**

The Controlling Officer submitted that the bill of lading and invoices were not among the requirements for first registration as enshrined in Part III, registration of motor vehicles and trailers, of *the Road Traffic Act, No. 11 of 2002*. The third party information contained on the bill of lading or invoices may not be reliable and was open to manipulation at source. The mechanism for verification of GVM was in place and the examiners verified the GVM of all vehicles during roadworthiness examinations.

The Controlling Officer also submitted that the Agency had continued to pursue the affected transporters and had instituted legal action for false declaration of GVM. The subject offence was punishable by a fine not exceeding twenty five thousand penalty units or Kwacha equivalent K7,500. Going forward, the Agency had provided a schedule of GVMs for various motor vehicle makes and models to guide in GVM verification. Correspondence to this effect was available for audit verification.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission unfortunate. However, it resolves to await a progress report on the outcome of the instituted legal action against Freight and Passenger Services for false declaration of GVM.

b. RTSA's Strategic Partners

i. Failure to Renew the Contract – ZAMPOST and Zambia State Insurance Cooperation

The Controlling Officer submitted that the Agency had since entered into new agreements with the strategic partners after approval by the Attorney General. The new contracts had been fully signed by all parties.

Committee's Observations and Recommendations

The Committee expresses concern at the unnecessary lapse on the part of RTSA to renew the contracts with its strategic partners timely. Of more concern to the Committee is that the lapse has the potential to cause revenue loss and leave room for various forms of financial mismanagement. The Committee, therefore, urges the Controlling Officer to put in place measures that will augment contract management and administration in RTSA. The Committee, however, resolves to close the matter subject to audit verification.

ii. Under Banking of Revenue - Zampost – K5,203,344

The Controlling Officer submitted that all claims of commissions due to Zampost for the period under review amounting to the sum of K5,203,344 had already been submitted to the National Road Fund Agency. Once funding was received for these commissions, funds shall immediately be remitted to the Treasury to clear the under banked revenue.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission unacceptable, because it borders on poor contract management. The Committee, however, resolves to await a progress report on the funding to offset the commission liabilities.

c. Management Information System

i. Delayed Completion of System Implementation/Hand Over of e-ZAMTIS – K5,970,149

The Controlling Officer submitted that the Agency had paid K5,970,149 for Phase II because the vendor, despite not receiving payments for Phase I milestone, had gone ahead to commit resources for Phase II. Further, the vendor was in the habit of switching off the system to compel the Agency to pay, thus the Agency had to pay to prevent loss of government revenue. Going forward, the Agency had halted all payments for Phase II until all pending issues under Phase I were resolved.

The Controlling Officer also submitted that the Agency had identified areas that required addressing. Arising from these findings, the Agency had sent various

correspondence to the vendor, reminding them of their outstanding obligations as stipulated in the contract.

The Committee was informed that the matter was being handled by the investigative wings of Government.

Committee’s Observations and Recommendations

The Committee expresses concern at the failure by the Agency to sign an escrow agreement with the vendor for it to have access to the source code in an event of any unforeseen circumstances. The Committee also finds it unfortunate that payments for the second phase were effected when the contractor was still working on the first phase and was not contracted to be paid for the second phase. Consequently, the Committee observes that contract administration and management at the agency is chaotic. The Committee wonders whether there is a competent team to manage contracts at RTSA. The Committee, therefore, urges the Controlling Officer to endeavour to put in place a cadre of dedicated staff to salvage the contract management crisis at the Agency, as it awaits the progress report on the outcome of the investigations into this matter.

ii. Failure to Implement Interfaces with Other Systems

The Controlling Officer submitted that system interface was part of the outstanding issues. However, in the interim, management had commenced the interface process with ZRA. A service meeting was held between the two teams.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that e-ZamTIS is interfaced with systems for all the stakeholders such as ZRA, PACRA, local authorities and the Zambia Bureau of Standards, without fail. The Committee will await a progress report on the matter.

iii. Incomplete Works

The Controlling Officer submitted that the matters highlighted were part of the outstanding issues under the contract. He further submitted that some of the issues had since been resolved as per status table below.

ISSUE	STATUS
Process flows for transactions like road tax should be streamlined to reduce processing time	Resolved and ready for verification.
Red Book Registration function not operational –	Resolved and ready for verification.
Slow processing due to migration from ZAMTIS to e-ZamTIS compounded by migration failure for some vehicles and drivers	Resolved and ready for verification.
Correct short term RSL process and charge correct fees	Resolved and ready for verification.
e-ZamTIS should be more resilient to network latency - Requesting lighter system.	Resolved and ready for verification.
Preventive maintenance for servers, PCs and	Not done

peripherals now due	
Routes missing in toll module and incorrect distances	Not done
When reverting Personalised to ordinary number, new number was given instead of original number	Not Done
Upgrade of the e-ZamTIS to the latest version	Upgrade running
Training of Technical staff from ICT	Not Done
Source code handover	Not Done
Delivery of enforcement gadgets	Not Done
Website completion and training of users	Not Done
Website interface to e-ZamTIS for online service	Not Done
Interface with various systems in the country	Not Done
Enforcement module not fully functional	Not Done

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that On Track Innovation Limited attends to all the outstanding issues for the first Phase for which the consultant had been paid in full, without fail or seek legal redress. The Committee will await a progress report on the matter.

MINISTRY OF WORKS AND SUPPLY - NATIONAL ROAD FUND AGENCY

AUDIT QUERY	:	PARAGRAPH 13
PROGRAMME	:	129
ACTIVITIES	:	129047 Weighbridge Charges
	:	129047 Road Tolls

Accounting and Other Irregularities

8. Inland tolls are road user fees collected from local vehicles within the country. The fees are regulated by the Tolls Regulations, 2016, Statutory Instrument No. 85 of 2016. An examination of accounting and other records maintained at the National Road Fund Agency (NRFA) Headquarters carried out in November, 2017, and a follow up audit to eighteen toll points in December, 2017, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Information Technology Matters - Failure to Provide Adequate Controls Over Server Room

The Controlling Officer submitted that the National Road Fund Agency (NRFA) had installed the biometric access control system in the server rooms at Katuba, Shimabala, Chongwe and Mumbwa Toll Plazas. The works were completed on 12th November, 2018, and were available for inspection.

With regard to fire detectors, the Controlling Officer informed the Committee that the NRFA had commenced the procurement of an automatic fire suppression system. The invitations for the tender to supply the system closed on 16th November, 2018. The installation of the system was expected to be completed by the end of the first quarter of 2019. In the interim, the NRFA was using industrial fire extinguishers at its toll stations. Furthermore, the NRFA had written to the Road Development Agency (RDA) to commence the waterproofing of the

server rooms to protect the equipment contained therein. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken in ensuring restricted access to the server rooms at the various toll stations. The Committee recommends that the Controlling Officer should ensure that other measures meant to provide a conducive environment in the server rooms are implemented fully. The Committee will await a progress report on the waterproofing of the roofs and the installation of the automatic fire suppression system.

b. Revenue Matters

i. Unclaimed Interest on Delayed Transfer of Revenue to Control 99 – K1,368,066; US\$1,586.13

The Controlling Officer informed the Committee that on 18th April, 2017, the NRFA wrote to the Ministry of Finance as the custodian of the Service Level Agreement signed with Zambia National Commercial Bank (ZANACO), requesting the Ministry to engage ZANACO to pay penalties for delayed remittance of funds to Control 99. Further, on 6th February, 2018, the NRFA wrote to ZANACO informing them of the continued delayed transfers, contrary to the Service Level Agreement the Bank signed with the Ministry of Finance.

Following the engagements, ZANACO had since started making the transfers twice a week with effect from 1st June, 2018, as per Service Level Agreement. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Secretary to the Treasury to ensure that the interest arising from delayed transfer of revenue by ZANACO, to Control 99 is paid to the Government. The Committee further urges the Controlling Officer to ensure that there are no more delays in the transfer of revenue to Control 99, henceforth. The Committee will await a progress report on the matter.

ii. Weaknesses in E-Toll Payments

• Irregular Use of DotCom Technologies

The Controlling Officer informed the Committee that the NRFA wrote to Smart Zambia Institute on 1st December, 2017, requesting them to evaluate the integrity of the DotCom (Z) Limited technology, and other ICTs used by the NRFA in collecting Government revenue. Smart Zambia Institute commenced the review of the NRFA ICT systems in June, 2018, beginning with the tolling cashless collection and payment system, and had submitted an ICT audit work schedule. The review works were expected to be completed by the end of the first quarter of 2019. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee expresses deep concern at the NRFA's failure to seek clearance from the Ministry of Finance and Smart Zambia Institute prior to the engagement of DotCom

(Z) Limited, to determine the safety of DotCom technologies in e-tolling, contrary to Cabinet Office Circular No. 1 of 2016. The Committee cautions the Controlling Officer against ignoring the provisions of Cabinet Office Circular No. 1 of 2016, and urges him to always adhere to the guidelines contained therein. The Committee further recommends that disciplinary action should be taken against all officers who violated the prescribed procurement procedures and regulations. The Committee awaits a progress report on the matter.

- **Irregularities in the ZESCO Toll Advance Account**

The Controlling Officer informed the Committee that the Tolls Regulations, 2016, Statutory Instrument No. 85 of 2016 Third Schedule (Regulation 5) Part ‘A’ revised tolls by 100 percent with effect from 1st January, 2017. In the original draft Statutory Instrument, tolls for buses with a capacity of over thirty seats, which were initially paying K20 were recommended to be revised upwards to K50. However, on the final print, the toll charge was erroneously printed as K80 instead of the recommended K50 per passage.

The Controlling Officer further informed the Committee that the anomaly was brought to the attention of the Ministry of Housing and Infrastructure Development and the Ministry of Finance. A revised draft Statutory Instrument was prepared to correct the earlier one. The NRFA then proceeded to engage members of the public to sensitise them on the 100 percent revision of tolls. On 1st January, 2017, the toll for buses was configured at K50 in the toll management system as per original recommendation. In order to ensure equity and continued acceptance of the Road Tolling Programme, the NRFA continued to charge K50 for buses with a capacity of over thirty seats. A ministerial statement had since been issued regularising the tariff for buses with a capacity of over thirty seats at K50 per passage.

The NRFA had further notified ZESCO Limited about the audit observation and requested the company to reconcile the account relating to the vehicles without number plates that used ZESCO electronic-toll card. Supporting documents were available for audit verification.

Committee’s Observations and Recommendations

The Committee notes the submission and resolves to await a progress report on the reconciliation of ZESCO Limited prepaid account.

- iii. **Irregular Payment of Frequent User Discounts**

The Controlling Officer informed the Committee that the introduction and application of Frequent User Discounts (FUDs), was meant to give relief to Zambian road users who frequently used a road and would be adversely affected if they were to pay road tolls at the normal non-discounted rates.

The Controlling Officer explained that the application of the FUDs was automated and each road user was granted the discount upon qualification. The NRFA had since instituted investigations to review the transactions relating to the reported loss of K1,091,814 resulting from irregular payment of FUDs, in order to determine the cause of the loss and appropriate action for recovery. The Agency had further engaged the

system providers to ensure that the system functioned according to set parameters. The investigations were on-going and were expected to be concluded by 31st January, 2019.

Committee’s Observations and Recommendations

The Committee bemoans the loss of revenue resulting from this irregularity. The Committee urges the Controlling Officer to ensure that there are no further losses arising from system malfunction while the investigations were going on. The Committee resolves to await a progress report on the matter.

iv. **Under Banking of Revenue – Katuba – K7,594**

The Controlling Officer submitted that the NRFA carried out an investigation as to what caused the under banking. It was evident that the system had challenges during the period under review. During the first few months of use, the system generated and charged non-existing number plates. The Agency investigated and established that these were pop ups.

The vendor was engaged and had since rectified the problem. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

The Committee expresses disappointment over the fact that this irregularity went unnoticed until it was discovered by the auditors. The Committee recommends that disciplinary action should be taken against the officers responsible for this lapse. The Committee further urges the Controlling Officer to submit all documentation to the Auditor General for verification. The Committee will await a progress report on the matter.

v. **Unaccounted for Revenue – Shimabala - K5,275**

The Controlling Officer informed the Committee that the NRFA carried out an investigation at Shimabala and had since instituted recoveries from the officers concerned in order to recover the unaccounted for revenue amounting to K3,425.

The remaining amount of K1,850 was attributed to system challenges during the period under review, where the system generated and charged non-existing number plates. The Agency investigated and established that these were pop ups. The vendor was engaged and had since rectified the problem. Supporting documents were available for audit verification.

Committee’s Observations and Recommendations

The Committee commends the Controlling Officer for instituting the recoveries from the erring officers. However, the Committee wishes to remind the Controlling Officer that Financial Regulation No. 129 places an obligation on him to conduct checks to ensure that collectors of revenue bring to account daily the whole amount of their collections, and, therefore, any failure to account for revenue by any officer is a failure by the Controlling Officer. The Committee, therefore, urges the Controlling Officer to conduct checks regularly to avoid queries on unaccounted for revenue. The Committee further recommends that disciplinary action should be taken against the officers who failed to account for revenue. The Committee will await a progress report on the matter.

vi. **Revenue Loss - Improper Configuration of Fee Chart – K4,665,433**

The Controlling Officer informed the Committee that the Tolls Regulations, Statutory Instrument No. 85 of 2016 Third Schedule (Regulation 5) revised tolls by 100 percent with effect from 1st January, 2017. In the original draft Statutory Instrument, tolls for buses with a capacity of over thirty seats which were initially paying K20 were recommended to be revised upwards to K50. However, on the final print, the toll charge was erroneously printed as K80 instead of the recommended K50 per passage.

The Controlling Officer further informed the Committee that the anomaly was brought to the attention of the Ministry of Housing and Infrastructure Development and the Ministry of Finance. A revised draft Statutory Instrument was prepared to correct the earlier one. The NRFA then proceeded to engage members of the public to sensitise them on the 100 percent revision of tolls. On 1st January, 2017, the toll for buses was configured at K50 in the toll management system as per original recommendation. In order to ensure equity and continued acceptance of the Road Tolling Programme, the NRFA continued to charge K50 for buses with a capacity of over thirty seats. Supporting documents were available for audit verification.

Committee’s Observations and Recommendations

The Committee notes that the information contained in the Controlling Officer’s submission may not have been brought to the attention of the auditors. On that basis, the Committee recommends that the Controlling Officer cautions all the officers in the NRFA to ensure that they responded to audit queries timely. However, the Committee resolves to close the matter subject to audit verification.

vii. **Uncollected Revenue – Weighbridge Offenders - K152,805**

The Controlling Officer submitted that the enforcement of axle loads on public roads was vested in the Road Development Agency (RDA), through strategically constructed infrastructure (weighbridges) on the core road network. All overloaded vehicles were issued with detention orders and only released upon payment of appropriate fines. The detention and release of the vehicles was done by the RDA, whilst the NRFA accounted for the paid fines.

The Controlling Officer stated that the NRFA had written to the RDA on the need to recover K152,805. The RDA had since recovered K7,000 and was pursuing the collection of weighbridge fines from the transporters concerned. Supporting documents were available for audit verification.

Committee’s Observations and Recommendations

The Committee is cognisant of the fact that financial resources are required by the Government to undertake various developmental projects. The Committee, therefore, condemns the failure to collect revenue, and recommends that the Ministry of Works and Supply collects the outstanding weighbridge fees without further delay. The Committee will await a progress report on the matter.

MINISTRY OF HOME AFFAIRS - DEPARTMENT OF IMMIGRATION

AUDIT QUERY	:	PARAGRAPH 14
PROGRAMME	:	2021 Non Tax Revenue
ACTIVITIES	:	123018 Immigration Fees and Charges

Accounting and Other Irregularities

9. An examination of accounting and other records maintained at Immigration headquarters and a visit to twenty selected stations carried out between May and August, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Delays in Banking of Government Revenue

i. Kenneth Kaunda International Airport -KKIA – K263,500

The Controlling Officer submitted that the delays were as a result of the untimely reconciliations. However, during the routine pre audits, responsible officers were made to pay for the shortfalls in order to balance up the books. Management had since moved the officer from the station for failing to reconcile the records timely and assigned him with duties that did not involve handling of revenue and banking.

He also submitted that management was moving away from manual processes to the e-commerce platform that included online application, submission and payment, among others. This would drastically reduce the handling of cash by officers and it would also address the problem of delayed banking.

The Controlling Officer further submitted that the visa application and processing was done online. Furthermore, application for permits was being done online in some stations. The change from manual processing to online processing was being undertaken in a phased approach and was expected to be rolled out to most activities by the end of December, 2018.

Committee's Observations and Recommendations

The Committee finds it unacceptable that such a big station could operate without carrying out regular and timely reconciliations to avoid delayed banking and other financial irregularities. The Committee also finds it unreasonable that banking was delayed for so long within Lusaka where there are so many banks.

The Committee, therefore, recommends that the Controlling Officer takes disciplinary action against all the officers behind this irregularity. The Committee will await a progress report on the matter.

ii. Mongu Regional Immigration Office – K37,650

The Controlling Officer submitted that the delay in banking of revenue totalling K37,650 at Mongu Regional Immigration office was due to staff shortage during the period. However, management noted the anomaly and had since assigned more officers to augment the shortage of staff and to avoid occurrence of similar audit queries. The officer who was involved was reprimanded with a warning letter.

He further submitted that the 2019 ministerial budget had a provision for training and orienting non accounting officers in best practices of accounting for revenue in order to improve revenue accountability and avert audit queries.

Committee’s Observations and Recommendations

The Committee notes the response of the Controlling Officer but is of the view that the situation could have been avoided by regularly reviewing staff strength. The Committee observes that the interventions being put in place by the Controlling Officer are mere reactions to the audit revelations. It, therefore, urges the Controlling Officer to be proactive and as a matter of urgency engage the newly deployed staff to desist from violating Financial Regulations. The Committee will await a progress report on the matter.

b. Mokambo Border Control

i. Unaccounted for Revenue – K300,800

The Controlling Officer submitted that the responsible officer was reported to the Drug Enforcement Commission and an arrest was made pending court proceedings.

Committee’s Observations and Recommendations

The Committee resolves to await the outcome of the court process.

ii. Misappropriation of Revenue – K2,919,600

The Controlling Officer submitted that the responsible officer was reported to the Drug Enforcement Commission and an arrest was made pending court proceedings on 12th January, 2019.

Committee’s Observations and Recommendations

The Committee resolves to await the outcome of the court process.

**MINISTRY OF TRANSPORT AND COMMUNICATIONS - ZAMBIA
INFORMATION AND COMMUNICATION TECHNOLOGY AUTHORITY**

AUDIT QUERY : **PARAGRAPH 15**
PROGRAMME : 2021
ACTIVITIES : Various

Accounting and Other Irregularities

10. An examination of accounting and other records maintained at ZICTA headquarters carried out in July, 2018 revealed various irregularities to which the Controlling Officer responded as set out below.

a. Spectrum Users – Expired Licences – K1,296,244

The Controlling Officer submitted that amounts totalling K1,205,740.63 accounting for 93 percent of the cited uncollected revenue were in respect of Zambia National Broadcasting Corporation (ZNBC) and the balance of K90,503.70 in respect of eleven other clients.

With regard to the ZNBC debt, various engagements had been made in an effort to liquidate the debt. Management had further engaged the Ministry of Finance on the possibility of a debt swap and this was yet to be concluded. Furthermore, the Ministry of Finance, in a letter dated 25th September, 2018, did inform ZNBC that their internal audit team would conduct an audit as at 30th June, 2018 with a view to verifying the amounts that ZNBC owed ZICTA and the amounts that various Government institutions owed ZNBC. The debt swap would only be effected once the verification process was conducted.

This exercise would relieve the debt owed to ZICTA and thereafter, ZNBC would be expected to be current and ZICTA would ensure that amounts due were collected.

The Committee was informed that out of the other operators, K37,500.50 was attributed to Postlink which was under liquidation. A letter was written to the Liquidator for the settlement of the outstanding amount. As at 31st October, 2018, K6,134 out of the K53,003.70 had been collected from two clients. Meanwhile, ZICTA had instituted various measures to ensure that the outstanding debt was collected.

Committee's Observations and Recommendations

The Committee contends that if such ideas as debt swap were explored in the past, the uncollected debt would not have accumulated to this level. The Committee also observes that collections from private stations are better than from publicly owned stations. It welcomes the verification process to determine how much the institution owes and urges the Controlling Officer to ensure that all institutions are treated equally when it comes to collection of fees. The Committee resolves to await a progress report on the outcome of the verification process and the subsequent recoveries.

b. Delayed Remittances to Control 99 – K960,615.69

The Controlling Officer submitted that the amount stated of K960,615,690 was incorrect; the actual amount delayed in remittances to the transit account was K960,615.69 as verified by officers from the office of the Auditor General.

He also submitted that the Authority had always endeavored to ensure that funds were remitted within twenty-four hours of receipt from licensees. The amounts delayed of K960,615.69 represented 0.4 percent of the total collections, meaning 99.6 percent of the collections were remitted timely.

He further submitted that notwithstanding the timely remittance of 99.6 percent of the collections, the delays in remittance of the K960,615.69, were due to the following reasons:

- year-end rollover processes of the accounting system that were done at the beginning of the 2017 financial year were completed a few days into the new financial year. As a result, K625,008.47 worth of transactions were delayed due to the year-end procedures which ended on 13th January, 2017;
- the account was insufficiently funded on account of bank charges on 2nd June, 2017 and this led to a delay in remittance of K54,000 in respect of one client. The bank charges in the Government Revenue Transit Account were financed from the ZICTA operations account;

- cheques received from clients and deposited took about two days to clear before value was given and the amounts of K105,416.70 only transferred thereafter; and
- the balance of K176,190.52 in delayed remittances was due to delays in the identification of the payee where insufficient details were recorded on the bank statement. However, to counter this, such amounts were being transferred to the revenue transit account even when the payee was not known, under the narration ‘Debtor under Investigation’.

Following these anomalies, Management had taken deliberate measures to ensure that they did not recur. Management put in place measures to ensure that remittances were done promptly and accurately placed into the transit accounts as per guidelines.

Committee’s Observations and Recommendations

The Committee sternly cautions the Controlling Officer to put stringent measures in place that will ensure timely remittance of funds to the Revenue Transit Account, without fail. The Committee will await a progress report on the matter.

c. Outstanding Fees – Zamtel Limited – K111,257,412

The Controlling Officer submitted that the fees due from Zamtel had increased due to the annual operating fees for 2017 of K18,990,450 which were billed and were due for payment in 2018. Additionally, by 31st October, 2018, K134,896,075.25 was owed by Zamtel to ZICTA on account of spectrum and radio license fees bill of K21,658,445.40.

The Controlling Officer also submitted that ZICTA had been engaging Zamtel at various fora and Zamtel was current on the international traffic minutes (TTMS) fees as an amount of US\$488,713.13 was paid towards the outstanding TTMS fees. Further, on 23rd October, 2018, ZICTA engaged the Industrial Development Corporation (Zambia) Limited, as shareholders of Zamtel, with regard to the debt.

It was further submitted that ZICTA also engaged the office of the Secretary to the Treasury on the possibility of a debt swap with Zamtel against amounts that Government owed Zamtel. The Ministry of Finance, in a letter dated 25th September, 2018, informed Zamtel that their internal audit team would conduct an audit as at 30th June, 2018 with a view to ascertaining the amounts owed to ZICTA. The debt swap would only be operationalised once the verification process was conducted. Thereafter, Zamtel would be expected to be current and ZICTA would ensure that amounts due were collected.

Committee’s Observations and Recommendations

The Committee notes the Controlling Officer’s submission with regret and, therefore, resolves to await a progress report on the outcome of the verification process and the subsequent implementation of the recoveries.

JUDICIARY

AUDIT QUERY	:	PARAGRAPH 16
PROGRAMME	:	2021 Non Tax Revenues (MPSAs)
ACTIVITIES	:	102 Fees
	:	123045 Library Services
	:	123043 Court fees
	:	103 Fines
	:	121010 Fines of Court

Accounting and Other Irregularities

11. An examination of accounting and other records maintained by the Headquarters and selected provincial offices carried out in April 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Unaccounted for Revenue - K331,752

Kitwe Subordinate Court-RMS K257,859

Chisamba Magistrate Court-RMS K62,234

Chisamba Magistrate Court-Fees K11,659

The Controlling Officer informed the Committee that the officers involved in the misappropriation of the funds at Kitwe Subordinate Court and Chisamba Magistrate Court had since been dismissed by the Judicial Service Commission. The matter had also been reported to the Zambia Police Service. Computations for recoveries of the funds had been done and the Judiciary was awaiting funding. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes with dismay that once again, the Judiciary has been cited for failure to account for revenue as was the case in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2016. It commends the Judicial Service Commission for dismissing the erring officers and reiterates the previous Committee's recommendation that the Judiciary should implement measures to minimise human contact with cash. Further, the Committee urges the Controlling Officer to sensitise staff who have replaced the dismissed officers on the need to adhere to Financial Regulation No. 129 in order to eliminate the problem of unaccounted for revenue completely. The Committee will await a progress report on the recovery of the funds and the implementation of the appropriate measures meant to minimise human contact with cash.

b. Deposits without Supporting Receipts - K38,648

The Controlling Officer explained that in order to reduce risks associated with the handling of clients' funds in the registry, control measures were put in place to prevent accounting officers from handling cash from clients. The control measures required clerks to issue general receipts upon clients producing bank stamped deposit slips. Therefore, the said amount of K38,648 were funds which were deposited in the bank account by clients. Bank deposit slips amounting to K5,300 had since been presented by clients and receipts had been issued, leaving a balance of K33,348. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and recommends that the Judiciary should undertake regular reconciliations with the banks concerned to ensure early detection of clients' deposits that were yet to be presented for issuance of receipts. In addition, the Judiciary should sensitise the clients on the need to present the deposit slips to the Judiciary for issuance of general receipts as soon as the money is deposited. The Committee further urges the Controlling Officer to take disciplinary action against the officers who failed to avail the information to the auditors at the time of audit that the query arose as a result of a control measure implemented to minimise human contact with cash. The Committee awaits a progress report on the reconciliation of the remaining amount of K33,348.

c. Delayed Banking - K1,098,922

The Controlling Officer submitted that delayed banking occurred before the revenue collectors were trained. However, the trend had since reduced. Management was looking at measures to limit the handling of cash by officers and had since engaged Atlasmara, Stanbic Bank and ZANACO to develop a tailor made solution that would suit the courts' revenue collection system. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee welcomes the proposal to develop a tailor made solution to the problem of delayed banking of revenue in the Judiciary. However, it is of the view that the inadequate supervision of the revenue collectors is a contributing factor to delayed banking of revenue. In light of this, the Committee urges the Controlling Officer to ensure that the revenue collectors are adequately supervised and monitored through a workable system. Furthermore, the Controlling Officer should institute disciplinary action against the erring officers, and ensure that revenue in amounts totalling K1,098,922 is accounted for. The Committee resolves to await a progress report on the matter.

d. Missing Accountable Documents

i. Chisamba Subordinate Court

The Controlling Officer submitted that the officer involved had since been dismissed and the matter was reported to the Zambia Police Service for further investigations. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee welcomes the dismissal of the erring officer. It is hopeful that the measure will serve as a deterrent to others. The Committee will await a progress report on the matter.

ii. Kitwe Sheriff's Office

The Controlling Officer informed the Committee that the officer involved had since been suspended. The matter was reported to the Zambia Police Service and the Judiciary had advertised the missing accountable in the paper. The Zambia Police Service had since charged the officer involved. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee takes note of the action taken to suspend the officer, pending the outcome of the investigations by the Zambia Police Service. The Committee will await a progress report on the matter.

e. Poor Maintenance of the Seized Goods Register – Solwezi Sheriff's Office

The Controlling Officer submitted that the officer concerned was negligent and failed to make the owners of the items sign for them in the seized items register. The officer had since been dismissed by the Judicial Service Commission. Documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to improve record keeping at all Sheriffs' Offices and at Solwezi Sheriff's Office in particular, by ensuring that an accurate and verifiable record relating to the seizure and disposal of goods is maintained at all times and made available when required. The Committee will await a progress report on the matter.

f. Poor Management of Warehouse – Kitwe Sheriff's Office

The Controlling Officer informed the Committee that the premises in question belonged to the Ministry of Works and Supply. The Judiciary was only given some space to operate from. However, the space was inadequate and Management had written to the Ministry of Works and Supply requesting for more space as renting of spacious premises had proved to be expensive in Kitwe. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee is of the view that the information provided to the Committee should have been availed to the auditors at the time of audit in order to resolve this query. The Committee recommends that the Controlling Officer should take disciplinary action against the officers who failed to provide the information to the auditors. The Committee awaits a progress report on the matter.

g. Lack of Safe Facilities

The Controlling Officer explained that the stations concerned were part of a larger number of stations that did not have safes. However, the Judiciary had requested the Ministry of Finance to provide the safes. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and resolves to await a progress report on the Judiciary's request for safes.

MINISTRY OF LANDS AND NATURAL RESOURCES

AUDIT QUERY : **PARAGRAPH 17**
PROGRAMME : 2021 Non Tax Revenue (MPSAs)
ACTIVITY : Various

Accounting and Other Irregularities

12. An examination of accounting and other records maintained at Ministry headquarters, selected provincial offices and a review of management information system carried out in April, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Collect Export Permit Fees

The Controlling Officer submitted that the Ministry took note of the revelation that four companies exported timber without export permits. The named companies were contacted to confirm the revelation by auditors.

The Committee was informed that out of the four mentioned companies cited in the audit report, one company known as Sino Africa Timber Limited was found to have been issued with an Export Permit. However, the company denied ever exporting timber during the period indicated in the Zambia Revenue Authority (ZRA) ASYCUDA System. Similarly, the remaining three companies who were not issued with Export Permits during the period under review had denied ever exporting timber during the periods indicated in the ZRA ASYCUDA system.

He also submitted that in order to conclusively resolve the revelation by the auditors, the Ministry, through the Forestry Department, wrote to the Commissioner General of Zambia Revenue Authority (ZRA) to avail any relevant information on the exportation of timber without Export Permits by the named companies.

In this regard, the office of the Commissioner General for ZRA had responded stating that, other than Scirocco Enterprises Limited, all the other three named companies had their timber exports processed by ZRA. All the exports were presented with Export Permits and Conveyance Licences issued by the Forestry Department. As for Scirocco Enterprises Limited, there was no record of timber export under this company.

The Committee learnt that ZRA had further stated that since there was a disclaimer by the named companies, the Agency would institute investigations to establish how the exports were processed in the respective names of the named companies without their authority.

The Controlling Officer further submitted that management at the Ministry would endeavour to continue collaborating with ZRA, Government Investigative Agencies, and the respective clients to ensure that the matter was brought to a logical conclusion.

Committee's Observations and Recommendations

The Committee wonders why the matter has not been reported to the Government investigative wings. The Committee directs that this be done immediately and will await a progress report on the matter.

b. Irregularities in Revenue Receipting – Unsupported Revenue Reversals

The Controlling Officer submitted that the Zambia Integrated Land Management Information System (ZILMIS) was designed in such a way that when a reversal function was performed, it did not reverse the actual original receipt, instead it generated a different receipt number with equivalent negative values which cancelled the original receipt giving a net effect of zero. The original receipt number only appeared in the narration automatically generated by the system.

The Committee was informed that the 2,992 transactions could be broken down as 1,340 being reversals while 1,652 represented cancelled receipts in the system. The supporting documents for the reversed original copies of the receipts were available for verification.

As for the cancelled receipts, he submitted that the hard copies were not available because the cancellation was done in the system before a receipt was printed. Cancelled receipts could however be verified on ZILMIS. The receipt maybe cancelled for a number of reasons such as wrong property number entered or wrong amount captured.

Regarding the authority to reverse receipts, the Controlling Officer submitted that all cashiers were given roles to reverse receipts in the system but this had since been withdrawn. The roles were given to them because of the nature of the system. The system had a combined function for changing and reversing receipts which needed to be addressed by the developer. The Ministry sometimes accepted part payment on annual ground rent and this formed the majority of the transactions. When creating a receipt, the system assumed the client had paid everything so the cashiers had to adjust the figure by putting the actual amount paid by the client. The supervisor would then change figures or process such receipts at the time of the transactions.

Committee's Observations and Recommendations

The Committee expresses worry at such a porous system which can lead to loss of revenue. The Committee, therefore, urges the Controlling Officer to, as a matter of urgency, put in place measures that will seal the loopholes. The Committee will await a progress report on the verification of both the reversed original copies of the receipts and the cancelled receipts on ZILMIS, by the Auditor General's Office.

c. Irregularities in the Property Database

i. Properties without Land Sizes/Area

The Controlling Officer submitted that there were gaps in the ZILMIS database. In order to address the gaps, the Ministry was carrying out a data cleaning on the system and was also in the process of engaging a consultant to quicken the data cleaning exercise. He further submitted that the developer had enhanced the system and in addressing the above challenges the following fields were made mandatory in ZILMIS.

- a) Property type
- b) Property use
- c) Estimated area size

Committee's Observations and Recommendations

The Committee bemoans the delay by the Ministry to put in place the measures alluded to by the Controlling Officer. The Committee contends that such measures should have been instituted even before the audit process. The Committee, therefore, urges him to expedite the data cleaning process and ensure that it is concluded without further delay. The Committee will await a progress report on the matter.

ii. Lapsed Invitation to Treat (ITTs)

The Controlling Officer submitted that some ITTs had in the past expired and the land had not been re-allocated to other applicants because of the following reasons:

(i) Missing mobile numbers and email addresses of the clients

On the previous land application form, there was only a provision for postal address. This made it difficult to access the clients.

As a way forward, the Ministry had redesigned the application forms which had provision for clients' mobile contact details, email addresses and physical addresses. Further, the Ministry had issued a public notice inviting all applicants with expired ITTs to come forward and pay for them within a stipulated time, failure to which they would lose the land.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to strictly follow the laid down procedure regarding expired ITTs. The Committee contends that even the applicants are conversant with the rule pertaining to ITTs. The Committee is of the view that the reason advanced is inadequate to impede the reallocation of the land. The Committee resolves to close the matter.

(ii) Failure to pay by vulnerable clients.

The Ministry had experienced failure by vulnerable members of society who upon being issued with ITTs, had come back to request for extension of periods in which to pay the required fees. The Ministry was consulting on the matter concerning the extension of payment by vulnerable clients.

Committee's Observations and Recommendations

The Committee notes with concern that this matter has been outstanding for an inordinately long period of time. It urges the Controlling Officer to expedite the consultations on the matter of extension as it awaits a progress report on the same.

(iii) Challenges in reallocation

It was difficult to reallocate the land as part of it already had settlers, for example, the Resettlement Schemes and those under National Titling. In this regard, consultations were being made in relation to the land in question.

Committee's Observations and Recommendations

The Committee will await a progress report on the consultations regarding the availability of land for reallocation.

(iv) **Properties under litigation**

These were properties where ITTs had been issued but had not been paid for due to on-going court cases.

Committee's Observations and Recommendations

The Committee will await a progress report on the outcome of the court cases

(v) **Cumbersome payment modes**

The Ministry had in the past relied on the traditional mode of payment where clients had to travel long distances to pay points. This mode of payment tended to frustrate some clients.

The Ministry had since deployed Point of Sale (PoS) machines at all various provincial centres in order to smoothen payments by the clients. Further, the Ministry had signed a contract with MTN in order to facilitate the payments by mobile money.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to put measures in place to sensitise the public about the new payment modalities that the Ministry has established and urges that more service providers be engaged so as to provide more options. The Committee will await a progress report.

iii. **Low Title Deeds Ratio: Titled Properties to Total Property**

The Controlling Officer submitted that the processing of certificates of title had been basically client driven; once clients got their letters of offer, they were expected to engage surveyors to have their properties surveyed and produce survey diagrams that were presented to the Ministry. Clients were then expected to sign the lease agreements to effect processing of certificates of title. Other challenges included disputes/litigations, non-acceptance of offer by failing to pay for Invitations to Treat (ITTs).

He also submitted that there were close to 100,000 properties under Land Development Fund (LDF) and resettlement schemes which were surveyed, but could not be offered and put on title. This was because councils and the resettlement department were yet to submit recommendations to the Ministry.

He further submitted that in a bid to increase the ratio of certificate of titles to property, the Ministry had embarked on a National Titling Program (NTP) where the Ministry would be following property owners and have mass surveying of properties that would enhance quick processing of certificates of title. In the National Land Titling project, it had been proposed that payment of land related fees could be spread over a period of time to allow a client to uplift the certificates of title after finishing all the payments. However, for this to work properly, there was need for consistent funding of the National Titling Programme (NTP).

Committee's Observations and Recommendations

The Committee observes that councils and the department of Resettlement unnecessarily delay the issuance of recommendations to the clients for onward submission to the

Ministry of Lands. It, therefore, urges the Controlling Officer to urgently engage councils and the Department of Resettlement to be processing and issuing recommendation letters immediately clients pay developmental and other service charges. The Committee will await a progress report on the matter.

d. Lack of Service Level Agreements

The Controlling Officer submitted that the Ministry started implementing some service level agreements, both internal and external as set out below.

1. External Service Level Agreements

The Ministry had an active service level agreement with Innovative Dynamics for the maintenance and upgrade of the Oracle Database.

The Ministry had also entered into a contract with Sivan Design that covered service level agreements but chargeable at an agreed rate.

2. Internal Service Level Agreements

Internally, the Ministry was in the process of identifying one officer from the business operation side to serve as a super user that would be responsible for day to day operations.

This was meant to relieve the ICT personnel from those duties, in order for them to attend to their core activities of development of ICT in the Ministry.

Committee's Observations and Recommendations

The Committee notes the submission by the Controlling Officer and urges him to immediately take measures to ensure that the service level agreement is honoured and services rendered accordingly, especially the maintenance and upgrade of the Oracle Database. The Committee will await a progress report.

e. Failure to Update Anti-Virus Software on Computers

The Controlling Officer submitted that Solwezi, Ndola and Kabwe Lands Offices were not connected to the Government Wide Area Network (GWAN), provided by SMART Zambia. The anti-virus that was running on those computers could only be updated using GWAN. Following SMART Zambia's guidance, the Ministry had planned to undertake assessments in the affected districts.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Ministry to update anti-virus software on computers. The Committee also urges the Controlling Officer to urgently engage the SMART Zambia institute to connect the Lands Offices to the Government Wide Area Network (GWAN). The Committee will await a progress report.

f. Inadequate Information Processing Facilities (IPFs)

The Controlling Officer submitted that in order to address this challenge, the Ministry had provided two additional laptop computers, bringing the total to three. This would improve service provision and reduce the computer-officer ratio.

Committee's Observations and Recommendations

The Committee finds the inadequacy of the computers to be unfortunate. It urges the Controlling Officer to ensure that all the five officers are given computers for ease of service provision. The Committee will await a progress report, including on the outcome of investigations on the stolen computers.

g. Inadequate Staffing Levels

- i. Failure to Fill Vacant Position of Ground Rent Collector – Solwezi**
- ii. Failure to Fill Vacant Survey Positions**

The Controlling Officer submitted that the vacant position of ground rent collector at Solwezi was frozen during the period under review. However, the position was unfrozen through Treasury Authority No. 20 of 2018 and the Ministry had since filled the position. The officer was expected to report at his duty station by 1st December, 2018.

He also submitted that the 117 positions reported during the period under review were all frozen positions. However, the Ministry budgeted to unfreeze 11 positions under the Survey Department from the Treasury Authority No.20 that was granted in 2018. The recommendations to fill the vacant positions were made and it was expected that the positions would be filled before the end of the year, 2018.

Committee's Observations and Recommendations

The Committee notes and commends the efforts made by the Controlling Officer to fill the vacant positions but wonders why this information was not availed to the auditors at the time of audit. The Committee, however, contends that even the remaining 106 survey positions ought to be unfrozen and filled. The Committee, therefore, implores the Secretary to the Treasury to take measures to have the positions unfrozen and Treasury Authority granted. The Committee will await a progress report.

h. Scanners Delivered without Rollers – Ndola Office

The Controlling Officer submitted that the supplier of the scanners had been contacted and was committed to work on the non-functional automatic document feeder for the three scanners.

Committee's Observations and Recommendations

The Committee is disappointed that the Controlling Officer has left this matter unattended to for so long. This is unacceptable and the Committee directs that remedial action be taken immediately. The Committee will await a progress report on the matter.

i. Failure to Repair HP Designer Plotters - Ndola and Solwezi Offices

The Controlling Officer submitted that there was a theft of the LCD from the HP Designer Plotter T520. This matter had since been reported to the Police and the Permanent Secretary, North Western Province had been requested to discipline the Provincial Survey Officer for failure to report the theft to the Police on time. An approval for the replacement of the LCD had been granted by the Permanent Secretary North Western Province. He further submitted that an assessment of the faulty HP Designer Plotter Jet T2500 had been made at the Ndola

Survey office and management was making arrangements to have it repaired once funding was received from the Ministry of Finance.

Committee's Observations and Recommendations

The Committee is disappointed that the Controlling Officer has left this matter unattended to for so long. This is unacceptable and the Committee directs that remedial action be taken immediately. The Committee will await a progress report on the matter.

MINISTRY OF TRANSPORT AND COMMUNICATIONS

AUDIT QUERY	:	PARAGRAPH 18
PROGRAMME	:	123 Fees
ACTIVITIES	:	Air Service Permits Fees
	:	Aviation and Landing Fees
	:	Maritime and Inland Waterways Fees

Accounting and Other Irregularities

13. An examination of accounting and other records maintained at the Ministry headquarters and a follow up audit to the Civil Aviation Authority and the Zambia Airports Corporation Limited carried out in April, 2018 revealed various irregularities which the Controlling Officer responded as shown below.

a. Uncollected Revenue – Maritime and Inland Waterways Fee – K796,689

The Controlling Officer submitted that the failure by the Ministry to collect the above stated fees during the period under review was due to inadequacies in the Ministry's establishment, which did not provide for officers at the level of Surveyor of Vessels in most water bodies, with the exception of Western Province. This meant that collection of fees could only be done when funds permitted travel to water bodies by surveyors who were based at headquarters.

The Committee was informed that to address these inadequacies, the Ministry had engaged the Management Development Division (MDD) with a proposal to review the establishment by providing for more Surveyors of Vessels. This measure would not only increase Government revenue, but also enhance the regulation and enforcement of seaworthiness of water vessels on Zambian waters, which would in turn reduce on water accidents.

Committee's Observations and Recommendations

The Committee finds the submission misplaced and notes that the main roles to be played by the Surveyors of Vessels are to enhance the regulation and enforcement of seaworthiness of water vessels on the Zambian waters and not to collect revenue. The Committee, therefore, urges the Controlling Officer to ensure that the amounts due are collected by the relevant officers without fail. It also urges the Controlling Officer to follow up the recruitment of Surveyors of Vessels in order to be able to conduct quarterly inspections. The Committee resolves to await a progress report on the matter.

MINISTRY OF TOURISM AND ARTS

AUDIT QUERY	:	PARAGRAPH 19
PROGRAMME	:	122 Licences
	:	123 Fees
ACTIVITIES	:	Various

Accounting and Other Irregularities

14. An examination of accounting and other records maintained at the Ministry of Tourism and Arts Headquarters and selected stations carried out in July, 2017, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Unaccounted for Revenue

- **Zambia Tourism Agency (ZTA) – K130,748**

The Controlling Officer explained that the reported unaccounted for revenue under the Zambia Tourism Agency was deposited directly by clients into Control 99, except that the clients did not submit the deposit slips for purposes of receipts issuance. However, K102,326 had been accounted for leaving a balance of K28,422, to be accounted for once the clients concerned submitted deposit slips.

- **Department of National Parks and Wildlife - K133; US\$13,100**

As regards the Department of National Parks and Wildlife, the amounts totalling K133 and US\$13,100 were direct deposits and electronic transfers in respect of hunting and park entry fees, respectively. These were being reconciled at the time of audit. The Controlling Officer also explained that the figure K50 was actually US\$50 and not K50 as reported by the Office of the Auditor General. Supporting documentation was available for audit verification.

- **Maramba Cultural Village – K17,630**

The Controlling Officer explained that the cashier in charge of receipting and depositing of revenue was on local leave at the time of audit.

The Controlling Officer stated that the revenue in question had since been reconciled and documentary evidence was available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed that the Ministry of Tourism and Arts was being reactive by conducting reconciliations at the time of audit, rather than as stipulated by the Financial Regulations. The Committee wishes to remind the Controlling Officer that Financial Regulations are meant to ensure effective public financial management to safeguard public funds and, therefore, must be adhered to at all times. The Committee, therefore, recommends that the Ministry should be proactive and devise a system that will ensure accountability for revenue in future, pursuant to Financial Regulation No. 129. Further, the Controlling Officer should avoid approving leave for accounting officers at the time of audit so that all relevant staff are present during audit to provide necessary information. The Controlling Officer should also take disciplinary action against the officers who failed to undertake the reconciliation of revenue in a timely manner. In addition, the Ministry should sensitise its

clients on the need to present the deposit slips to the Ministry immediately they deposit money directly into the Ministry's revenue account for issuance of receipts. The Committee will await a progress report on the reconciliation of the remaining K28,422.

b. Delayed Banking - K1,021,901; US\$38,335

The Controlling Officer submitted that the delayed banking was caused by the fact that during the period between January and April, 2017, there was only one cashier available at the Ministry Headquarters. The other cashier was at school. The cashier at the station was overwhelmed with work, thereby delaying the banking of revenue. The Controlling Officer stated that 92 percent of the receipts in question were in cheque form.

With regard to the Chilanga Station, the Committee was informed that the delay in banking revenue was due to transport challenges as the Department did not have a dedicated vehicle for the Accounts Unit. However, the maximum delay in banking was seven days and not the thirty-one days reported by the Auditor General.

Further, the ninety-nine days delay in banking for South Luangwa National Park under the Department of National Parks and Wildlife was due to inaccessibility of some revenue points which were completely cut off during the rainy season. The officers in charge of revenue collection camped in South Luangwa National Park from November and only came out in April after the rainy season. The areas included Chivungwe, Chipuka, Lusangazi, Mwanya and Changa-Changa. Most tourists used helicopters to access these areas.

The Controlling Officer also informed the Committee that corrective measures had been implemented to enhance operations and help in resolving some of the challenges. The measures included the procurement of twenty-five motor vehicles for the Department of National Parks and Wildlife, to be distributed in all the national parks. The other measure was the request to clients to deposit revenue directly into the revenue account, after which the deposit slips were presented to the Ministry for the issuance of the receipts.

Committee's Observations and Recommendations

The Committee notes the corrective measures that have been implemented. The Committee urges the Controlling Officer to ensure that there are no more delays in the banking of revenue in future because they have the potential to lead to misappropriation of revenue. Further, the Controlling Officer should take disciplinary action against the officer who caused the query and the responsible officers who failed to provide the information to the auditors at the time of audit on the factors contributing to delayed banking. In addition, the Controlling Officer should ensure that accounting staff adhere to Financial Regulation No. 121. The Committee awaits a progress report on the matter.

c. Unauthorised use of Accountable Documents

The Controlling Officer submitted that the Department of National Parks and Wildlife was guided and advised by the Ministry of Finance at a workshop to continue using old books belonging to the defunct Zambia Wildlife Authority (ZAWA), whilst the Ministry of Finance was designing new books for the Department. The Controlling Officer explained that the Ministry of Finance advised that the withdrawal of unused old books would only be done once the new books were printed. The Ministry of Finance had since printed the revised accountable documents and they were in use.

Committee's Observations and Recommendations

The Committee is of the view that the Ministry should have obtained written authorisation from the Ministry of Finance and, therefore, recommends that the Secretary to the Treasury should caution the Controlling Officer for this omission. The Committee further recommends that the Controlling Officer should take disciplinary action against the officers who failed to provide the relevant information on the issue to the auditors at the time of audit. The Committee awaits a progress report on the matter.

d. Outstanding Debt from Tour Operators - K67,237; US\$10,583

The Controlling Officer explained that Zamtel, one of the clients in South Luangwa Area Management Unit had not paid despite several reminders. Therefore, the Department had issued a demand notice to Zamtel to settle the outstanding debt.

Furthermore, the operators in the Mosi-O-Tunya area had not paid the outstanding tour operating fees at the time of audit; but had since started dismantling their debt. The outstanding balances were K30,775.18 and US\$7,923.38. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee wishes to remind the Controlling Officer that it is the responsibility of the Department of National Parks and Wildlife to collect the relevant fees from tour operators, and failure to collect the much needed revenue is detrimental to the nation. In this regard, the Committee urges the Controlling Officer to ensure that the outstanding balances of fees are collected without further delay. The Committee will await a progress report on the matter.

e. Weaknesses in the Licensing and Monitoring of Casinos

i. Non-Compliant Casino Operators

The Controlling Officer informed the Committee that the non-enforcement of the Tourism and Hospitality (Casino) Regulations, Statutory Instrument No. 93 of 2016 was due to the fragmentation in the oversight of the gambling industry, which included casinos, betting and lotteries subsectors. With so many institutions managing the industry through different pieces of legislation, it was possible for captured operators to fall under any of the above fragmented regulators.

The Committee also learnt that once investors registered their businesses and tax compliance, they were required to obtain permits from the local authorities and an operating license from the responsible regulator of the sector. However, it appeared that this process was not followed to the end by the forty-eight entities cited as they were yet to be captured on the database of the Ministry of Tourism and Arts, or even that of the Ministry of Finance, which dealt with sports betting and lotteries. A check with the Gambling Association revealed that the casinos in question were not registered with the Association. This could be due to various reasons such as not having commenced operations, and having closed or changed names or ownership. Therefore, the casinos had not been located. At the time of audit, the Ministry of Tourism and Arts had only fifteen operational casinos on its register.

The Controlling Officer also submitted that the Ministry of Tourism and Arts had implemented the measures outlined below, to correct the situation.

1. The Ministry was working within the available resources to locate the erring establishments and ensure that they became compliant.
2. A sensitisation programme was undertaken to raise awareness on the regulations contained in the Statutory Instrument, gazetted in November, 2016, which had introduced more stringent measures to enforce compliance. In 2018 and within the available resources, the Ministry undertook an inspection programme in Lusaka and Copperbelt Provinces to capture casino operators who were not on the Ministry database.
3. The Ministry of Tourism and Arts in collaboration with the Ministry of Finance had for the last few years been working to establish a gambling authority that would bring under one umbrella all issues pertaining to gambling. A multidisciplinary technical committee was set up under the chairmanship of the Ministry of Finance to undertake the work. A draft gambling policy and a layman's draft Bill had been developed and were undergoing review.

Committee's Observations and Recommendations

The Committee observes that the failure to licence the casinos has resulted in the loss of revenue and, therefore, urges the Ministry of Tourism and Arts to pursue the finalisation of the necessary policy and legislative framework so as to ensure that non-compliant casino operators are registered and compelled to operate within the law. This will help to generate the much needed revenue for improved service delivery. The Committee awaits a progress report on the matter.

ii. Under Payment of Casino Registration Fees - K19,200

The Controlling Officer explained that the underpayment was due to the two operators paying fees based on information obtained from the repealed Tourism and Hospitality (Licensing) Regulations, 2009, Statutory Instrument No. 109 of 2009, which required a tourism enterprise to first obtain an authorisation before applying for an operating licence. Casinos then paid license fees based on the number of games and the tables they wished to operate. This was prior to the issuance of the Tourism and Hospitality (Casino) Regulations, Statutory Instrument No. 93 of 2016, which revised the fee structure and created a registration fee of K10,500.

The Controlling Officer further submitted that the Ministry of Tourism and Arts had made follow ups to have the operators pay the difference but to no avail. It had been concluded that the two operators never started operations as they had not yet been traced. The Ministry would continue to monitor the two operators in case they started operating.

Committee's Observations and Recommendations

The Committee notes with concern the laxity of the Ministry of Tourism and Arts in the performance of its functions, resulting in the failure to advise clients appropriately and to trace the operators. The Committee is particularly concerned that the two operators were allowed to pay fees based on the repealed Regulations, well after the promulgation of the

new Regulations. The Committee recommends that the Controlling Officer should take disciplinary action against the officers responsible for this lapse. The Committee further calls upon the Ministry of Tourism and Arts to step up efforts to trace the operators concerned, and collect the outstanding fees. The Committee will await a progress report on the matter.

iii. Lack of Monitoring Systems for Casinos

The Controlling Officer submitted that the monitoring system which was available during the period under review was weak. Therefore, the Ministry came up with the Tourism and Hospitality (Casino) Regulations, Statutory Instrument No. 93 of 2016 to strengthen the regulation of casinos. The new Statutory Instrument required casinos to provide comprehensive information such as control procedures, number and rules of the games played, type of machines and the supplier, and compliance with the *Financial Intelligence Centre Act, No. 46 of 2010*.

The Controlling Officer further submitted that out of the seven casinos cited, the first four (Venice, Victory, Tenda and Golden Galaxy) were not operational during the period under review. Pleasure Games and Bets was licensed in accordance with the *Betting Control Act, Chapter 166 of the Laws of Zambia* whilst Happy Valley and Star Tanganyika could not be located. However, the four operational casinos had all started remitting their 20 percent monthly net earnings as tabulated below.

Id	Name of Casino	Receipt No.	Date	Amount	Status
1	Venice Casino Zambia Ltd	Several Receipts		55,227	Registered but not operational
2	Victory Club Casino	7698147	18/09/2018	56,083	Registered but not operational
3	Induna Investment Ltd T/A Tenda Casino	4885983	3/10/2018	32,211.60	Registered but not operational
4	Golden Galaxy Ltd	Several receipts		639,399.40	Registered but not operational
5	Pleasure Games and Bets				Falls under Ministry of Finance
6	Happy Valley Casino Ltd				Could not be located
7	Star Tanganyika Ltd				Could not be located

The Controlling Officer also informed the Committee that the Ministry of Tourism and Arts was working with the Financial Intelligence Center to strengthen its supervisory function over casinos in relation to anti-money laundering and cash for terrorist financing. The Ministry was of the view that the establishment of a gambling authority would provide a lasting solution to the gambling issue in Zambia.

Committee's Observations and Recommendations

The Committee welcomes the issuance of the Tourism and Hospitality (Casino) Regulations, Statutory Instrument No. 93 of 2016 to strengthen the regulation of casinos. It recommends that the Ministry of Tourism and Arts should enforce the Regulations and ensure that there is effective monitoring of casinos and their compliance with the Regulations. The Committee also urges the Controlling Officer to take disciplinary action against the officers who failed to provide the information required to resolve the query at the time of audit. The Committee will await a progress report on the matter.

f. Weaknesses in the Licensing of Hotel Managers

i. Failure to follow the Procedure on Issuance of Hotel Managers' Exemption Certificates

The Controlling Officer explained that the required documents had been misplaced and were still missing at the time of audit. The documents had since been located and the files and records for all the fifteen applicants had been updated. The Ministry was in the process of computerising the records management system.

Committee's Observations and Recommendations

The Committee contends that the failure to follow the provisions of the law in the licensing of hotel managers has the potential to encourage corrupt practices in the issuance of hotel managers' exemption certificates. In this regard, the Committee urges the Controlling Officer to ensure that there is total compliance with the relevant legislation in the issuance of exemption certificates and to take disciplinary action against the officers responsible for the omission. The Committee will await a progress report.

ii. Hotel Managers Operating Without Practicing Certificates

The Controlling Officer informed the Committee that the Ministry had communicated to the operators through letters and emails, requesting them to comply. Some operators had responded positively, thereby reducing the number of managers operating without practicing certificates to nineteen, translating into outstanding revenue amounting to K19,950 as at 15th November, 2018. The Controlling Officer stated that the Ministry would continue reminding the operators to apply for practicing certificates. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the efforts being made by the Ministry on this matter and calls on the Controlling Officer to follow up the remaining nineteen operators and ensure that they are issued with practicing certificates. In this regard, the relevant legal provisions should be enforced in full and without fail, forthwith. The Committee will await a progress report on the matter.

g. Failure to Collect Manager Registration Fees - K261,000

The Controlling Officer submitted that the Ministry had been communicating to the operators through letters and emails, requesting them to comply. Some operators responded positively, thereby reducing the number of defaulters to ninety-seven; and translating into outstanding revenue amounting to K218,250.

The Controlling Officer explained that there was a provision in the Statutory Instrument to exempt small establishments from employing a qualified manager, upon meeting the eligibility criteria. For ‘owner managed’ establishments, the fees were at K1,050, as opposed to the K2,250. In this regard, the amount collected, as well as the amount owing, was likely to be less than the amount reported.

The Controlling Officer stated that the Ministry had asked the Zambia Tourism Agency to ensure that the applicants were only granted licenses once they had obtained a hotel manager’s registration certificate.

Committee’s Observations and Recommendations

The Committee recommends that the Ministry of Tourism and Arts enforces the law on the registration of managers without fail and that the Controlling Officer should mete out disciplinary action against officers who have failed to enforce the law to date. Further, the Ministry must follow up the remaining ninety-seven establishments and ensure that they are registered. The Committee will await a progress report on the matter.

h. Failure to Grade and Maintain a Database of Accommodation Establishments

The Controlling Officer submitted that there were some regulatory requirements which needed to be put in place prior to the commencement of grading. One of these was the Tourism and Hospitality (Accommodation Establishment Standards) Regulations, Statutory Instrument No.14 of 2018, which was issued in February, 2018 and officially launched on 12th July, 2018.

The Controlling Officer further submitted that the recruitment of staff and the training of assessors had been done and a database of all facilities would be created once the grading of the establishments commenced.

Committee’s Observations and Recommendations

The Committee notes the response and urges the Ministry, through the Zambia Tourism Agency, to expedite the grading of establishments and the creation of a database of accommodation establishments so as to stop further loss of revenue. The Committee also urges the Controlling Officer to closely monitor and supervise the Zambia Tourism Agency on this matter. The Committee will await a progress report on the matter.

Committee’s General Observations and Recommendations

The Committee notes that the accounts for the Ministry for the period under review were unqualified. However, the Committee observes that there are a number of irregularities related to weaknesses in the licensing and monitoring of casinos and hotel managers. The Committee is of the view that the subsectors are potential sources of non tax revenue. The Committee, therefore, urges the Secretary to the Treasury to take keen interest in the subsectors, and direct the Controlling Officer to implement measures aimed at harnessing the potential of the subsectors in contributing to Government revenue.

The Committee further observes that the Ministry continues to be cited over delayed banking of revenue. The Committee fears that delayed banking may lead to misappropriation of public funds. In this regard, the Committee recommends that the Secretary to the Treasury should

censure the Controlling Officer over the lapse and ensure that the Controlling Officer puts measures in place to prevent similar lapses in future.

The Committee has also noted with disappointment, that the Ministry failed to provide information to the auditors at the time of audit on many occasions. This is unacceptable as a number of queries could have been resolved at that level, had the relevant information been provided to the auditors. The Committee, therefore, recommends that the Controlling Officer should take disciplinary action against all the officers who failed to provide information to the auditors, without fail.

The Committee awaits a progress report on these matters.

MINISTRY OF WORKS AND SUPPLY

AUDIT QUERY : **PARAGRAPH 20**
PROGRAMME : 123 Fees
ACTIVITIES : Various

Accounting and Other Irregularities

15. An examination of accounting and other records maintained at the Ministry Headquarters and a follow up audit at Office Equipment and Government Printing Services carried out in January, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Collect Rental Arrears – Government Complex - K169,065

The Controlling Officer submitted that the Ministry had since given instructions to the property manager to explore other means, including the involvement of the Office of the Sherriff General to ensure that the money was collected immediately. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

While noting the action taken by the Ministry so far, the Committee fails to understand why the two defaulters have been allowed to continue occupying the premises. The Committee recommends that the Controlling Officer should take disciplinary action against the officers responsible for this lapse and take all measures to collect the outstanding rentals without further delay. The Committee also urges the Controlling Officer to devise measures to ensure that tenants at the Government Complex pay rent on time to avoid the recurrence of the query. The Committee resolves to await a progress report on the matter.

b. Failure to Collect Revenue From the Sale of Government Furniture – K253,994

The Controlling Officer submitted that the balance of the thirteen transactions amounting to K253,994 was yet to be collected. The balance affected some serving and former political leaders. The Ministry of Works and Supply had written to the National Assembly of Zambia and the Ministry of Finance, requesting information on whether or not the funds were recovered from the leaders’ gratuities. The Ministry was informed that there were no recoveries made from the gratuity. The Ministry, with authorisation from the Secretary to the Cabinet, then wrote to the officers concerned demanding payment. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes with concern the delay in advising the National Assembly of Zambia and Ministry of Finance to recover the outstanding balances from the officers' gratuity. The Committee recommends that the Controlling Officer should take disciplinary action against officers responsible for the delays, which resulted in the failure to recover the funds. The Committee resolves to await a progress report on the matter.

c. Irregular Payment of Subsistence and Lunch Allowances – Government Printers – K154,301

The Controlling Officer admitted that the payments of meal and lunch allowance made to the officers were at variance with the provisions of Cabinet Office Circular Minute of 2015 dated 30th December, 2015. Management had, therefore, commenced the process of recovering the money from the salaries of the officers concerned. The Controlling Officer stated that the payslips might be available for verification at the end of December, 2018.

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer for this irregularity and urges him to ensure that all departments adhere to the provisions of Cabinet Office circulars. In this vein, the Controlling Officer should mete out disciplinary action against the officers who violated the provisions of the relevant circular by approving irregular payments. The Committee will await a progress report on the recovery of the allowances paid to ineligible officers.

MINISTRY OF HOME AFFAIRS - ZAMBIA POLICE SERVICE

AUDIT QUERY	:	PARAGRAPH 21
PROGRAMME	:	2021 Non Tax Revenues (Fees and Fines)
ACTIVITIES	:	Various

Accounting and Other Irregularities

16. An examination of the accounting and other records maintained at the Police headquarters and selected police stations carried out in July, 2018 revealed various irregularities to which the Controlling Officer responded as outlined below.

a. Unaccounted for Revenue – K31,996

The Controlling Officer submitted that the K26,706 queried as unaccounted for revenue was actually deposited as follows: on 17th February, 2017 (K10,916), on 10th March, 2017 (K10,416) while the K5,374 was included in the deposit of K9,574 deposited on 29th June, 2017, respectively. He informed the Committee that these deposits were also captured on the bank statements except that they were not coded like the other deposits made during the same period. For the sake of providing certified evidence to the Auditors regarding these deposits, the Police Command decided to write to Indo Zambia Bank, seeking formal clarification as to why some of the deposits made during the year could not be traced on the bank statements due lack of coding. The Controlling Officer also informed the Committee that Indo Zambia Bank only responded in November, 2018 and documents to that effect were available for verification.

The Controlling Officer also submitted that the bank statement showing the deposit of K5,290 under firearms, captured on 1st September, 2017, was available for verification.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

b. Delays in Banking of Revenue – K1,424,049

The Controlling Officer submitted that disciplinary action was meted out against the erring officers who failed to comply, in accordance with Terms and Condition of Service for the Public Service. The Controlling Officer informed the Committee that the Zambia Police Service was working around the clock to find a lasting solution to this perennial problem of delayed banking. This would enhance the level of compliance with the Financial Regulations.

In view of the above, the Zambia Police Service, through the Ministry of Home Affairs and the Ministry of Finance, was implementing the direct deposit system of all the revenues being collected in order to reduce the amount of cash being handled by officers. Further, this system was aimed at addressing the accountability and late banking challenges being faced by Zambia Police. He informed the Committee that the direct deposit system had been rolled out to five provinces and the Zambia Police intended to roll out the system to the remaining provinces, funds permitting.

Committee's Observations and Recommendations

The Committee finds the submission from the Controlling Officer, regrettable. The Committee also finds it unreasonable that banking of funds can be delayed for so long within Lusaka where banking services are readily accessible.

The Committee therefore recommends that the Controlling Officer takes disciplinary action against the officer behind the delay. It also urges him to seek the intervention of the Management Development Division to expand the staff establishment and facilitate the recruitment of non uniformed officers to be handling funds at police stations. The Committee will await a progress report on the matter.

c. Lack of Safe Facilities

The Controlling Officer submitted that Zambia Police brought the matter to the attention of Ministry of Finance who undertook a verification exercise in all the affected areas countrywide. The Committee was informed that feedback was still being awaited despite making several follow ups on the matter with the Ministry of Finance.

Committee's Observations and Recommendations

The Committee calls on the Ministry of Finance to expeditiously provide the necessary feedback and resolves to await a progress report on the matter.

MINISTRY OF GENDER AND CHILD DEVELOPMENT

AUDIT QUERY	:	PARAGRAPH 22
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

17. An examination of accounting and other records maintained at the Ministry Headquarters carried out from April to June, 2018 revealed various irregularities, to which the Controlling Officer responded as outlined below.

a. Unsupported Payments – K54,073

i. Leave Forms

The Controlling Officer submitted that the leave form had not been found to date, neither had it been possible to obtain a copy from the officer concerned even after writing to her requesting for the said copy. This was attributed to the poor filing systems. It was further submitted that the Controlling Officer wrote to the officer concerned on 5th October, 2018, requesting her to avail the copy of the leave form, failure to which deductions would be effected. However, since the officer did not respond, the Ministry proceeded to inform PMEC to commence the recoveries.

In this regard, the Committee was informed that recoveries had been effected on the officer's pay slip and the same pay slip showing the deductions was submitted to the Auditor General for verification on 27th November, 2018.

The Committee was further informed that the Ministry had since introduced the e-gender system, which would enable all processes to be electronically done and documents saved in electronic form.

Committee's observations and Recommendations

The Committee observes with regret the poor record keeping by the officers in the Administration Department at the Ministry headquarters. The Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to keep proper records. It also urges her to familiarise her staff with the ramifications of *the Public Finance Management Act, No.1 of 2018*. The Committee resolves to await a progress report on the deductions.

ii. Mika Convention Centre - Attendance List – K24,000

The Controlling Officer submitted that the Ministry had made a final payment amounting to K24,000 to Mika Convention Centre in respect of officers who attended the 2017 budget preparatory workshop. The activity in question was undertaken in 2016 and a part payment was made at that time. Subsequently, the final payment was made in 2017. At the time of audit, the attendance list could not be found on the 2017 voucher because it was attached to the first part payment which was made in 2016.

The Committee was informed that the attendance list had been obtained and submitted to the Auditor General's Office for verification as of 27th November, 2018.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

iii. **Mika Convention Centre - Unprocessed Transaction**

The Controlling Officer submitted that while the requisition was cancelled on the IFMIS system, the payment voucher was not physically cancelled, hence it was found among other vouchers. This was evident by the vendor statement of accounts and deleted purchase requisition from IFMIS system, which indicated that the payment was not made to the vendor.

The Committee was informed that the vendor statement from the IFMIS system was availed to Auditor General for verification as of 27th November, 2018.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

iv. **Zambia Revenue Authority (ZRA) - Unsettled Transactions**

The Controlling Officer submitted that the three payments due to Zambia Revenue Authority (ZRA) were processed on the IFMIS by the Ministry of Gender, up to open item report level and submitted to Ministry of Finance to complete the payment. The Committee learnt that a follow up was made on the issue with the Ministry of Finance and as of 6th November, 2018, it was discovered that funds were sitting in the suspense account.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to re-engage the Ministry of Finance on the matter and complete the payment process to ZRA. The Committee will await a progress report.

v. **Alliance Motors – Receipt – K1,374.60**

With regard to the unattached receipt, the Controlling Officer submitted that at the time of audit, a receipt amounting to K1,374.60 was not collected. She, however, submitted that the receipt for Alliance Motors had since been collected and availed to the Auditor General for verification as of 27th November, 2018.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

b. **Unretired Accountable Imprest – K26,193**

The Controlling Officer submitted that one officer with outstanding imprest amounting to K8,680 had since retired it and retirement documents were availed to the Auditor General as of 27th November, 2018.

The Committee was informed that the transactions involving the other four officers who obtained imprest amounting to K17,513, issued in form of office imprest to the secretaries for

office refreshments in respect of the office of the Minister, the Permanent Secretary and Gender in Development meeting, remained unrecovered. The Controlling Officer submitted that her Ministry had requested PMEC to institute recoveries from the officers concerned.

She further submitted that her officers had been informed to be attaching till receipts when retiring accountable imprest.

Committee's Observations and Recommendations

The Committee finds it unacceptable that imprest remained outstanding for so long. The Committee, therefore, urges the Controlling Officer to ensure that outstanding imprest is recovered from the concerned officers' salaries without delay and that disciplinary action is taken against officers who failed to retire imprest in accordance with the provision of the Financial Regulations. The Committee will await a progress report on the matter.

c. Irregularities in the Payment of Allowances

i. Meal Allowances – K77,855

The Controlling Officer submitted that the officers were required to work on public holidays (International Women's Day, Labour Day among others) beyond the normal working hours.

The Committee was, however, informed that recoveries had since been effected from officers who did not manage to pay back after being instructed to do so. Payslips and receipts for funds paid back were availed to the Auditor General for verification as of 27th November, 2018.

The Committee was further informed that it was not possible to effect deductions from some of the officers because their take home pay was below 40 percent. As soon as their take home pay went above 40 percent, recoveries would be instituted.

She assured the Committee that as a way forward, the Ministry had put measures in place to avoid the recurrence of irregular payments by obtaining prior authority to pay meal allowances from the Secretary to the Cabinet for such events. She pledged adherence to the contents of Cabinet Office Circular No.11 of 2013 on the abolishment of the payment of administrative allowances to officers in the public service, regarding meal allowances.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against officers who authorised the irregular payment of meal allowances in violation of the Cabinet Circular. The Committee also emphasises the need to expeditious recover the funds. The Committee will await a progress report on the matter.

ii. Transport Refund – K43,050

The Controlling Officer submitted that the Ministry coordinated preparations for hosting the International Women's Day and participated in activities to commemorate other marked days. During the preparations for hosting the International Women's Day, officers were paid transport allowances because they worked up to midnight to ensure all

logistics were in place at the venue. The officers were also requested to report early on the actual day to finalise the preparations.

The Committee was informed that recoveries had since been effected from officers who did not manage to pay back after being instructed to do so. Payslips and receipts for funds paid back had been submitted for verification to the Auditor General's Office, as of 27th November, 2018.

The Committee was also informed that it was not possible to effect deductions from some of the officers because their take home pay was below 40 percent. As soon as their take home pay went above 40 percent, recoveries would be instituted.

Committee's observations and Recommendations

The Committee finds the Controlling Officer's submission unacceptable and urges her to take disciplinary action against the officers who violated financial regulations by authorising the irregular payments. The Committee also directs that recoveries be expedited. The Committee will await a progress report on the matter.

iii. Presentation of Gifts to Chiefs – K13,400

The Controlling Officer submitted that most of the activities executed by the Ministry of Gender such as the campaign to End Child Marriage and Empowerment of Women were Chiefdom based. Therefore, successful implementation of the Ministry's programmes depended on support from the Chiefs. It was in this vein that gifts in form of cash were given.

The Committee was also informed that Cabinet Office Circular No.11 of 2017 did not prohibit officers to present gifts in form of cash but it only discouraged the practice. The caution was however heeded and in future, payment of gifts in form of cash would be avoided.

Committee's Observations and Recommendations

The Committee is concerned that no explanation was provided to the auditors on this matter as it would have been resolved at audit stage. The Committee resolves to close that matter subject to verification.

d. Misapplication of Funds – K1,889,168

The Controlling Officer submitted that the Ministry was allocated K9,000,000 under technology support to women groups. K6,978,263.04 was used to procure tractors that were distributed to different chiefdoms and K1,889,467.93, being queried was used to procure two motor vehicles that were being used in the monitoring and evaluation of the Economic Empowerment of Women Programme.

Purchase of Furniture

The Controlling Officer submitted that the Ministry of Gender misapplied funds in procuring the office furniture but the furniture was being used by an officer assigned to work for the Economic Empowerment of Women Programme.

Purchase of Truck Suits

The Controlling Officer submitted that the Ministry of Gender misapplied funds in procuring truck suits for officers who participated in the commemoration of the health week. She also submitted that at the time of the event, the Ministry did not have adequate funds but found it necessary to participate in recognition of the significance of the Agriculture Development through Value Chain Enhancement (ADVANCE) Project under the Women Economic Empowerment Programme.

She assured the Committee that going forward, the Ministry would ensure that the processes for variation of funds were followed and necessary authorities obtained.

Banner for Labour Day

The Controlling Officer submitted that the Ministry of Gender misapplied funds in procuring a banner used during the commemoration of Labour Day. She also submitted that at the time of the event, the Ministry did not have adequate budget provision to fully support this activity.

Transport Refund

The Controlling Officer submitted that the Ministry of Gender misapplied funds in paying transport refunds. She informed the Committee that, her office had instituted recoveries as earlier submitted under section (a) - irregular payments.

Daily Subsistence Allowance to the Driver

The Controlling Officer submitted that the Ministry of Gender misapplied funds in paying for the Driver's daily Subsistence Allowance for a programme to handover tractors.

ZESCO Prepaid Units

The Controlling Officer submitted that the Ministry of Gender misapplied funds to purchase ZESCO prepaid units for use in the Ministry.

Daily Subsistence Allowance to an Officer

The Controlling Officer submitted that the Ministry of Gender misapplied funds in paying daily Subsistence Allowance for an officer for a programme to handover tractors. She also submitted that going forward, her Ministry would ensure that requests for payment were made indicating clearly the budget line against which authority was being sought.

Committee's Observations and Recommendations

The Committee finds the effort by the Controlling Officer to justify the misapplication of funds, unacceptable. The Committee urges the Controlling Officer to take disciplinary action against anyone who approved the payments. The Committee also urges the Controlling Officer to familiarise herself with the provisions of *the Public Finance Management Act, No. 1 of 2018* and ensure that misapplied funds are paid back to the programme. The Committee will await a progress report.

e. Irregular Use of Accountable Imprest to Procure Goods – K12,000

The Controlling Officer submitted that it was true that accountable imprest amounting to K12,000 was used to purchase tonners for the preparations of the National Action Plan

(NAP) for the Great Lakes Region, which took place in Central, Copperbelt, Muchinga and Southern Provinces.

She acknowledged the lapse in failing to use competitive bidding for the procurement of stationery in question. She further submitted that the goods procured were urgent as the officers were already in the field and the activity could not be completed without the stationery.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to desist from abrogating Financial Regulation No. 86 (c), regarding imprest. The Committee urges the Controlling Officer to take disciplinary action against the officer who approved the payment. The Committee will await a progress report on the matter.

f. Failure to Deduct and Remit Pay As You Earn to the Zambia Revenue Authority – K101,407

The Controlling Officer submitted that the total amount of K27,841.03 had thus far been remitted to ZRA on document number 1900000491 (K11,529.26) and 1900000490 (K16,311.67), respectively.

She also submitted that with regard to the balance of K73,565.99, the Ministry would engage Ministry of Finance for supplementary funding in 2019, in order to clear this amount owing to ZRA.

The Committee was informed that the other fourteen transactions related to Settling in Allowance paid to officers without deducting PAYE.

The Committee was informed that computation was carried out to arrive at the tax liability payable by the officers amounting to K37,519. The Committee was further informed that the Controlling Officer had, effective November, 2018, commenced deductions from the officers' salaries in order to recover PAYE.

The Committee learnt that as a way forward, the Controlling Officer had instructed Human Resource and Administration and Finance Departments to ensure that before any transaction of that nature was processed, tax should be deducted and be remitted to ZRA accordingly.

Committee's Observations and Recommendations

The Committee observes that the accounting staff is underperforming and most likely under qualified for them to fail to deduct PAYE from fourteen transactions relating to officers who received the allowances in full. It is unacceptable that where structures are in place, the accounting officers are unable to accordingly isolate officers earmarked for deductions. It, therefore, urges the Controlling Officer to institute disciplinary action against officers who failed to ensure PAYE was deducted. It also urges the Controlling Officer to put measures in place which will ensure dedication and prudence in the accounting staff at the Ministry of Gender. The Committee resolves to await a progress report on the recovery of funds.

g. Failure to Follow Procurement Procedures – K513,000

The Controlling Officer submitted that the Ministry of Gender and Child Development erred in not following the procurement procedures to undertake the survey for the pilot mapping exercise of customary land allocated to women’s cooperatives in selected Chiefdoms of Northern and Eastern Provinces. The Committee was informed that the Ministry had instituted disciplinary action against one Officer and investigations were ongoing. If this process revealed any other erring officers, they would also be disciplined accordingly. The Committee was further informed that the survey for the pilot mapping exercise had commenced. Eastern Province had been completed and the report was available, while the mapping exercise for Northern Province was ongoing. A partial report for completed parts of Northern Province was available.

Committee’s Observations and Recommendations

The Committee observes that there was no due care in the procurement of services and administration of the contract. It contends that even if some activities regarding the survey for the pilot mapping exercise of customary land allocated to women cooperatives were carried out, the transaction is questionable. The Committee, therefore, urges the Controlling Officer to engage the investigative wings of Government to establish the genuineness of the contract.

h. Failure to Distribute Farming Implements – K217,576

The Controlling Officer submitted that it was true that there was a delay in the distribution of farming implements and other equipment to women clubs. However, the distribution of equipment had started and was ongoing. Thus far, two peanut butter making machines and one light duty working combination carpentry equipment had been distributed.

Committee’s Observations and Recommendations

The Committee is disappointed by the delay to distribute various farming implements to women clubs. It finds this unacceptable and urges the Controlling Officer to be proactive and finalise the distribution without any further delay. The Committee, therefore, resolves to await a progress report on the matter and implores the Auditor General’s Office to verify the distribution lists.

Committee’s General Observations and Recommendations

The Committee finds it unacceptable that there is gross violation of the financial regulations with impunity under the Ministry. It is concerned that funds are being misapplied and procurement procedures not being followed, among other violations. The Committee is of the view that as a result of such violations and weak internal controls, the accounts of the Ministry were qualified during the period under review. It is in this regard, therefore, that the Committee urges the Secretary to the Treasury to take disciplinary action against the Controlling Officer for flouting Financial Regulations. The Committee also urges the Secretary to the Treasury to take keen interest in the financial operations of the Ministry to avert further irregularities.

MINISTRY OF HOME AFFAIRS - ZAMBIA POLICE SERVICE

AUDIT QUERY	:	PARAGRAPH 23
PROGRAMME	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

18. An examination of the accounting and other related records maintained at the Zambia Police Service Headquarters and site visits carried out in selected units from April to July, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Unfulfilled Payment Terms-Supply and Delivery of an Automated Fingerprint Identification System Machine(AFIS) – K29,141,688

The Controlling Officer submitted that Zambia Police Service entered into an agreement with MORPHO South Africa for the supply and installation of an Automated Fingerprint Identification System (AFIS) in October 2015. The contract was divided in lots which were spread over a period of five years and the payments were to be in tandem with the contractual period. The Committee was informed that Zambia Police had so far made payments amounting to K5,000,000 (Euros 411,554.24) towards Lot 1. This meant that the 15 percent, which was Euros 373,199, had been met and not 13 percent as stated in the audit report. The Committee was further informed that a budget provision of K25,000,000 for procurement of specialised equipment was made in the 2018 budget. Unfortunately, these funds had not yet been released by the Treasury.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the release of funds by the Treasury and full execution of the contract.

b. Construction of the Paramilitary Hostels and Guest Wing at State Lodge – K6,430,680

The Controlling Officer submitted that indeed the Ministry of Home Affairs, on 29th May, 2015, engaged Golden Horse Investment Ltd for the construction of the paramilitary hostels and rehabilitation of the guest wing at State Lodge. This was at a contract sum of K5,379,308, with a contract period of forty weeks. However, it was observed that the costs of the two hostels were omitted on the BOQ. This matter was brought to the attention of the Tender Committee. The Ministry of Home Affairs, through the Tender Committee, approved the variation with an added cost of K4,480,609.35. Later on, an observation was made that there was need for the guest wing to be rehabilitated. The Ministry of Home Affairs wrote a letter to ZPPA to seek authority to direct bid Golden Horse Investment to incorporate the rehabilitation of the guest wing at state Lodge in their contract. Authority was granted and total cost for variation came to K3,954,605.15. This then brought the total cost of the project to K13,814,522.50, VAT inclusive, and the completion period was extended to October, 2018.

The Committee was informed that the contractor used timber trusses instead of steel spider trusses in the chalets. This was as a result of the variation in the design of the chalets, which could not be roofed using steel spider trusses as the design of the roof required to have hips

and valleys. This was because of a descriptive error in the preparation of the BOQ. However, despite this, the contractor used timber trusses on the chalets. The works were executed at the same cost as quoted in the BOQ.

With regard to the fitting of doors, the Committee was informed that solid Mukwa doors were not fitted as indicated in the BOQ. However, this was rectified and the doors fitted were of approved standard which were steel security doors. The contractor was instructed by the consultant to use the security doors at the same cost of K1,200 per door.

With regard to the ceiling and floor tiles, the Controlling Officer submitted that each of the four hostels covered an area space of 310 square metres in the BOQ, respectively, while 250 square metres was the actual works done for which the contractor was paid. He further submitted that the project supervision had been taken over by the Ministry of Housing and Infrastructure Development.

Committee's Observations and Recommendations

The Committee finds the handling of the contract unprofessional, especially during preparation the Bill of Quantities. It is unacceptable that items that could have been included from the onset were only realised later, causing unnecessary delays in the project implementation. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers responsible for poor management of the procurement process so that going forward, they would desist from approving the implementation of the projects with ill prepared Bills of Quantities. The Committee will await a progress report on the matter.

MINISTRY OF HOME AFFAIRS

AUDIT QUERY	:	PARAGRAPH 24
UNITS	:	Various
PROGRAMME	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

19. An examination of accounting and other records maintained at headquarters carried out from January to June 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Recover Overpayment-Rehabilitation of Kitchen and Toilets at National Archives-Headquarters – K25,901

The Controlling Officer submitted that the total payment made to the contractor was K147,042.49 and not K155,761.32. The difference of K8,718.83 was withheld as Value Added Tax (VAT). The over payment was due to miscommunication between the Ministry of Works and Supply and the Ministry of Home Affairs. This led to an overpayment amounting to K17,182.49.

The Committee was informed that when the overpayment was discovered through routine reconciliation, Amano Sewerage and Sanitary Services was engaged. The contractor acknowledged this anomaly and was willing to refund the Ministry an amount totalling K17,182.49. In this regard, the Ministry wrote to Amano Sewerage and Sanitary Services

submitting bank details for the refund to be effected. The contractor had since paid back K2,000 leaving a balance of K15,182.49.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission unacceptable. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers responsible for the overpayment and ensure that the balance of K15,182.49 is recovered without fail. The Committee will await a progress report on the matter.

b. Supply and Delivery of Fingerprint Scanners and Passport Readers – K169,893

The Controlling Officer submitted that the Supplier was engaged and had since acknowledged this fact in a letter to the Director General of the Immigration Department dated 15th May, 2018, pledging to supply the remaining balance of ten units within a period of two to three months.

In light of the pledge above, the Committee was informed that the remaining ten passport readers had not been delivered. However, DIGICOM had continued to express its commitment to delivering the goods, indicating that so far four units out of the remaining ten 3M passport readers had been ordered. The company was awaiting the supply and delivery by the manufacturer.

Committee's Observations and Recommendations

The Committee finds it unfortunate that the forty three passport readers could not be delivered at once. The Committee, therefore, urges the Controlling Officer to put measures in place that will ensure that the supplier delivers the remaining balance of ten units without any further delay failure to which the Ministry should recover the funds in accordance with its rights under the contract. The Committee will await a progress report on the matter.

MINISTRY OF FOREIGN AFFAIRS

AUDIT QUERY	:	PARAGRAPH 25
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

20. An examination of accounting and other records maintained at the Ministry headquarters carried out during the period from January to April, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Transport Recalled Diplomats

The Controlling Officer submitted that a request for funding amounting to K40,000,000 to transport all the recalled Diplomats was made to the Ministry of Finance, and that an initial funding, amounting to K10,000,000, was released for the activity. The Ministry had since disbursed funding to the Missions Abroad as tabulated below.

Position	Disbursed Amounts	Status
First Secretary–Tourism, Ankara	K1,073,144.96	Disbursed funds on 26.11.2018
First Secretary–Tourism, Tokyo	K555,332.89	Disbursed funds on 26.11.2018
Third Secretary–Accounts, New Delhi	NIL	Awaiting appointment of new Accountant
First Secretary–Political and Administration Accounts, Rome	K772,640.72	Disbursed funds on 25.07.2018
First Secretary–Accounts, New York	K630,891.11	Disbursed funds on 19.12.2018

Committee’s Observations and Recommendations

The Committee finds the Controlling Officer’s response unsatisfactory and reactive. This is because much of the effort was only made after the audit. The Committee also expresses concern that even after disbursing funds for the repatriation of First Secretary - Political and Administration Accounts for Rome in July 2018, the officer has still not returned to Zambia. It also observes that the Controlling Officer has challenges to justify expenditure under his head. The Committee is of the view that the Controlling Officer is failing to execute his responsibility of ensuring the establishment and maintenance of an effective, efficient and transparent system of financial and risk management and internal control. The Committee, therefore, sternly cautions the Controlling Officer to be proactive and put measures in place that will ensure proper financial management in the Ministry. The Committee will await a progress report.

b. Failure to Obtain Title Deed

The Controlling Officer submitted that necessary steps by the Ministry of Foreign Affairs had been undertaken. The Committee was informed that in the process of granting a title deed, the Ministry of Lands discovered that the property for Ministry of Foreign Affairs was erroneously numbered as 192 and not 1192. Therefore, the Surveyor General was carrying out a renumbering of a diagram for processing of the certificate of title for the Ministry on the basis of the correct record.

The Committee was also informed that the Ministry of Finance, being the custodian of all the Government properties in the Republic of Zambia, had been requested to intervene in the matter for the acquisition of the title deed for the Ministry of Foreign Affairs.

Committee’s Observations and Recommendations

The Committee notes the explanation by the Controlling Officer that the property was erroneously numbered. The Committee resolves to await a progress report on the renumbering of the diagram for processing of the certificate of title for the Ministry.

c. Failure to Remit Pay As You Earn – Zambia Institute of Diplomacy and International Studies - K173,558

The Controlling Officer submitted that a letter was written to the Director to come up with a payment plan on the settlement of the outstanding Pay As You Earn (PAYE).

He also submitted that the payment plan to liquidate the outstanding PAYE was in effect and being followed strictly. Therefore, from a total amount of K173,558 which was outstanding, Zambia Institute of Diplomacy and International Studies had remitted a total sum of K86,900.17 leaving a balance of K86,657.83 which shall be liquidated as per plan.

Summary of remittances of PAYE to the Zambia Revenue Authority

Description	Amount(K)	Amount(K)
Pay as you Earn (PAYE) Amount		K173,558
Amounts Paid:		
July 2018	K21,535.06	
August 2018	K21,535.06	
August 2018	K4,179.88	
October 2018	K22,136.43	
November 2018	K17,513.74	
Total Remittances to ZRA		<u>K86,900.17</u>
Outstanding Debt		<u>K86,657.83</u>
Payment Plan		
December 2018	K21,664.45	
January 2019	K21,664.45	
February 2019	K21,664.45	
March 2019	K21,664.45	
Total per Plan		<u>K86,657.83</u>
Balance		NIL

With regard to the gross amounts of K19,627, paid to Officers as commutation of leave days without deducting Pay As You Earn (PAYE), the Committee was informed that recoveries had been made and the PAYE amounts had been remitted to ZRA.

Committee’s Observations and Recommendations

The Committee notes the Controlling Officer’s effort to liquidate the outstanding Pay As You Earn (PAYE). However, the Committee finds it unacceptable that the Ministry failed to deduct and remit PAYE as this is against the financial regulations. The Committee, therefore, urges the Controlling Officer to ensure that the outstanding PAYE is liquidated in line with the payment plan and take disciplinary action against officers who failed to deduct and remit PAYE. The Committee also urges the Auditor General’s office to do a verification of the recoveries made and the subsequent remittance to ZRA, with regard to K19,627. The Committee will await a progress Report.

MINISTRY OF FOREIGN AFFAIRS - MISSION ABROAD – TOKYO

AUDIT QUERY	:	PARAGRAPH 26
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

21. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Irregular Payment of Education Allowances - K249,390

The Controlling Officer submitted that a letter of confirmation from the School where the child went was available for verification.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Ministry to avail a letter to the auditors at the time of audit which casts doubt on the authenticity of the letter. The Committee, however, resolves to close the matter subject to audit verification.

b. Property Management

i. Failure to Maintain and Rehabilitate Chancery

The Controlling Officer submitted that the Mission's properties in Tokyo, Japan, had not been rehabilitated for some time due to lack of funds. However, the Ministry had written to the Ministry of Works and Supply to nominate technical officers who would travel to Japan for assessment of the works involved and develop bills of quantities to facilitate the commencement of the procurement process for the rehabilitation works.

The Controlling Officer also submitted that the Ministry of Finance had since entered into an agreement for mortgage financing and some Missions had since accessed these funds for rehabilitation, construction and purchase of property. He further submitted that this process was being undertaken with a phased approach and the Tokyo Mission was under consideration.

Committee's Observations and Recommendations

The Committee expresses concern at the deplorable condition of the chancery. The Committee observes that if left unattended to, the building could actually develop into a death trap. The Committee urges the Controlling officer to expeditiously engage the Ministry of Works and Supply to nominate technical officers to assess the building and develop the Bill of Quantities in order to effect the rehabilitation works. The Committee recommends that funding for the rehabilitation works must be sourced under the mortgage financing arrangement as a matter of urgency. The Committee will await a progress report.

ii. Failure to Maintain the Residence

The Controlling Officer submitted that the Mission's properties in Tokyo, Japan had not been rehabilitated for some time due to lack of funds. However, the Ministry had since

written to the Ministry of Works and Supply to nominate technical officers who would travel to Japan for assessments of the works involved and develop bills of quantities to facilitate for the commencement of the procurement process for the rehabilitation works.

He further submitted that the Tokyo Mission was under consideration for rehabilitation under the mortgage financing arrangement, which was being undertaken in a phased manner.

Committee’s Observations and Recommendation

The Committee expresses regret at the deteriorating condition of the residence. The Committee, therefore, urges the Controlling Officer to expeditiously engage the Ministry of Works and Supply to nominate technical officers to assess the building and develop the Bill of Quantities in order to facilitate the rehabilitation works. The Committee recommends that funding for the rehabilitation works be mobilised under the mortgage financing arrangement without undue delay. The Committee will await a progress report.

MINISTRY OF FOREIGN AFFAIRS - MISSIONS ABROAD-WINDHOEK

AUDIT QUERY : **PARAGRAPH 27**
PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

22. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission and a physical inspection of the Chancery, Ambassador’s official residence, and other houses carried out in May, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Recover Contribution for Utility Bills - K85,242

The Controlling Officer submitted that recoveries from the former Ambassador and former Secretary – Political and Administration were done through the Casualties Notification Forms upon payment of gratuity, while recoveries from the Third Secretary who was still serving, had been effected through the payroll.

Diplomat	Amount Outstanding (K)	Mode of Recovery
High Commissioner	6,019.60	Casualty Notification Form
First Secretary-Political And Administration	48,015.95	Casualty Notification Form
Third Secretary – Personal Secretary	31,206.45	Running through the Payroll
Total	85,242.00	

Committee's Observations and Recommendations

The Committee will await a progress report on the full recovery of funds from the Third Secretary – Personal Secretary. Meanwhile, all available documentation relating to the recoveries effected so far should be presented to the Auditor General for verification.

b. Failure to Deduct 50 percent Contribution towards Insurance of Baggage - K50,153

The Controlling Officer submitted that the Auditor General's observation was noted that the Mission paid insurance for the two recalled Diplomats at 100 percent without deducting 50 percent contributions.

In this regard, the Controlling Officer submitted that engagements with the Mission had revealed that the amount which was initially captured in the report for the former High Commissioner as not having been paid as 50 percent Insurance baggage, was due to an error of description on invoice No. SOE00030670/B, indicating as insurance fee instead of packing fee, thereby recording both amounts of N\$ 53,205.90 and N\$5,278.00 as Insurance fees.

The Committee was informed that the Mission and the transporter carried out a reconciliation which brought out the following status;

Packaging fee	N\$53,205.90
Insurance fee	N\$5,278.00

Arising from the above, the transporter had since issued an amended tax invoice No. SOE00030670/G which was bearing the above amounts with correct descriptions. He also submitted that going by the adjustments, the former High Commissioner was only expected to settle the outstanding debt amounting to (N\$2,639) (USD198) equivalent of (K1,980) which was 50 percent Insurance fee. This amount had since been paid.

He further submitted that the Ministry granted authority for the Mission to pay for transportation costs for the recalled diplomats. However, due to fluctuations in the exchange rates, the prices shot up and the Mission ended up paying more by K10,572 beyond the approved amount.

Committee's Observations and Recommendations

The Committee is disappointed that the approved amount was exceeded without seeking authority from the Secretary to the Treasury. The Committee, therefore, directs that disciplinary action against all those who approved the payments in excess of the approved amounts, be taken. The Committee will await a progress report on the matter.

c. Outstanding Bills not Cleared by Re-called Diplomats – K102,700

- i. The Controlling Officer submitted that from a total amount of K19,400, the former High Commissioner paid through the Casualty Notification Form an outstanding bill for water and electricity amounting to (USD 596.00), an equivalent of (K6,019.60). The Committee was informed that the balance of (K13,380) accumulated while the property was vacant. The Committee was also informed that the bill was paid on the property belonging to the Government of the Republic of Zambia.

He also submitted that the outstanding bills in respect of the former First Secretary (Political and Administration) were recovered through the Casualty Notification Form upon payment of gratuity while the outstanding bills in respect of the former Third Secretary – Personal Secretary had been effected through the payroll.

Schedule for payment of utility bills

Diplomat	Amount Outstanding (K)	Mode of Recovery
High Commissioner	6,019.60	Casualty Notification Form
First Secretary-Political And Administration	48,015.95	Casualty Notification Form
Third Secretary – Personal Secretary	41,428.00	Running through the Payroll
Mission property owned by the Zambian Government	13,380.00	Direct payment to the utility company
Total	108,843.55	

The difference in amounts between K102,700 and K108,843.55 was as a result of fluctuations in recoveries due to different exchange rates.

Committee’s Observations and Recommendations

The Committee expresses concern about how such a huge bill could accumulate while the property was vacant. The Committee urges the Controlling Officer to fully investigate the matter and render a report. The Committee further urges the Office of the Auditor General to verify the already recovered funds as it also resolves to await a progress report on the full recovery of funds from the Third Secretary – Personal Secretary.

- ii. The Controlling Officer submitted that recoveries were done through the Casualty Notification Form upon payment of gratuity.
- iii. The Controlling Officer submitted that recoveries were effected through the Casualty Notification Form upon payment of gratuity.
- iv. The Controlling Officer submitted that recoveries were done through the Casualty Notification Form upon payment of gratuity.

Committee’s Observations and Recommendations

(ii) - (iv) The Committee recommends these matters for closure subject to audit verification.

- v. The Controlling Officer submitted that recoveries have since been effected through the payroll as the officer was still serving.

Committee's Observations and Recommendations

The Committee will await a progress report on the recovery of funds.

d. Payments Above Threshold of the Head of Mission - K596,123

The Controlling Officer submitted that the Ministry had taken note of the auditors observation and regretted the failure by the High Commissioner to adhere to the public procurement guidelines by approving twenty two payments in amounts totalling K596,123 (N\$625,668.96) for procurement of various goods and services which were above her threshold.

In this regard, he submitted that the High Commissioner had been cautioned to strictly adhere to the provisions of the law and other regulations.

Committee's Observations and Recommendations

The Committee expresses concern at the High Commissioner's approval of twenty-two payments without following the public procurement regulations. The Committee observes that the high number of payments irregularly approved clearly demonstrates blatant disregard of the law. In this regard, the Committee urges the Controlling Officer to take stern disciplinary action against the High Commissioner and take necessary steps that will augment her knowledge levels regarding public procurement and other relevant regulations. The Committee will await a progress report on this matter.

e. Unretired Accountable Imprest - K36,829

The Controlling Officer submitted that the retirements had been done and were available for verification.

Committee's Observations and Recommendations

The Committee expresses concern about the late retirement of imprest. The Committee urges the Controlling Officer to take disciplinary action against officers who failed to retire imprest in line with financial regulations. The Committee urges the Auditor General to verify the documents. The Committee will await a progress report.

f. Unclaimed Value Added Tax (VAT) - K145,571

The Controlling Officer submitted that a VAT claim was lodged in and so far the Mission had received refunds as shown in the Table below.

Unclaimed VAT From Purchase of Goods and Services			
VAT Queried Amount	VAT Received (Refunded)	Zero Rated	Outstanding balance (Refundable)
Amount(K)	Amount(K)	Amount(K)	Amount(K)
145,571.00	67,299.13	56,212.00	22,059.87

The Committee was informed that included in the queried amount of K145,571 was an amount of K56,212 which related to water and electricity charges, purchase of office stationery, and purchase of fuel. rehabilitation works were all zero rated and did not attract VAT refund. Therefore, after receiving a refund amounting to K67,299.13, the Mission was only expected to receive K22,059.87 as outstanding VAT refund at In-land Revenue of Namibia.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the outstanding balance of the unclaimed VAT from the purchase of goods and services is recovered expeditiously. The Committee will await a progress report.

g. Failure to Dispose of Unserviceable and Obsolete Items - K12,549

The Controlling Officer submitted that the Mission was granted delegated authority to dispose of obsolete items. He further submitted that the Mission was granted authority to constitute a Board of Survey to dispose of the assets.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that a Board of Survey is expeditiously constituted by the mission without any further delay. The Committee will await a progress report.

h. Failure to Mark Assets with GRZ Serial Numbers - K136,059

The Controlling Officer submitted that the responsibility of numbering of Government assets was vested in the Ministry of Works and Supply. However, upon noticing that the Ministry of Works and Supply was not up to date with the numbering, the Ministry of Foreign Affairs applied for delegated authority which was granted and later withdrawn.

Committee’s Observations and Recommendations

The Committee urges the Ministry of Works and Supply to ensure that all the equipment and furniture are numbered without delay. The Committee will await a progress report on the matter.

MINISTRY OF FOREIGN AFFAIRS - MISSION ABROAD - BRUSSELS

AUDIT QUERY	:	PARAGRAPH 28
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

23. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission and a physical inspection of properties carried out in May, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Payment of Interest Charges on delayed Remittances - K57,913

The Controlling Officer submitted that interest charges were as a result of delayed remittances to the Missions Abroad. The Committee was informed that the Ministry was behind by one month in receipts in terms of its funding from the Treasury.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to prioritise the offsetting of the liability of interest charges, to avoid any further escalation. The Committee will await a progress report.

b. Outstanding Debt from the Recalled Staff

i. Former Ambassador - K62,517 and K32,857

The Controlling Officer submitted that recoveries were done through the Casualty Notification Form upon payment of gratuity.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

ii. Former Second Secretary-Personal Secretary - €40,000 equivalent of K546,000

The Controlling Officer submitted that a scrutiny of records revealed that the matter of settling the outstanding amount had been presented to the Ministry of Finance by the Ministry of Foreign Affairs for possible funding. However, as at 31st August, 2018, the funds had not been sent to the Mission to settle the loan. The Controlling Officer also submitted that recoveries had been effected through the payroll as the Officer was still serving at the Ministry.

Committee's Observations and Recommendations

The Committee finds it unfortunate that the Ministry of Finance was engaged to settle a loan for the public officer. The Committee, therefore, urges the Controlling Officer to effect recoveries and take disciplinary action against officers who approved the irregularity. The Committee resolves to await progress report.

iii. Former First Secretary–Press - €1,906.28 (US\$2,240.90) Equivalent of K26,020.72

The Controlling Officer submitted that recoveries were done through the Casualty Notification Form upon payment of gratuity.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

MINISTRY OF FOREIGN AFFAIRS - MISSION ABROAD - HARARE

AUDIT QUERY	:	PARAGRAPH 29
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

24. An examination of accounting and other records maintained at the Ministry headquarters and the Mission carried out in April, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Unauthorised Service Provision - K320,145.32

The Controlling Officer submitted that the Ministry had taken note of the Auditor General's

observation and regretted the failure by the High Commissioner to adhere to public procurement guidelines by engaging service providers for the provision of goods and services amounting to K320,145.32 (US\$31,893) without authority from the Controlling Officer.

The Committee was informed that the High Commissioner had been cautioned to strictly adhere to the Foreign Service Regulations and public procurement Guidelines. The Committee was further informed that the High Commissioner had been directed to enter into running contracts with respective companies for the provision of goods and services in accordance with the law.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to institute disciplinary action against the High Commissioner accordingly, for violating Foreign Service Regulation No.112. The Committee will await a progress report.

b. Payments above Procurement Threshold - K511,728

The Controlling Officer submitted that the Ministry had taken note of the Auditor General's observation and regretted the failure by the High Commissioner to adhere to the public procurement guidelines by approving thirty payments totalling K511,728 (US\$48,194.04) for procurement of various goods and services which were above his threshold.

The Committee was informed that the High Commissioner had been cautioned to strictly adhere to the Foreign Service Regulations and Public Procurement Guidelines. The Committee was further informed that the High Commissioner had been directed to enter into running contracts with respective companies for the provision of goods and services in accordance with the law.

Committee's Observations and Recommendations

The Committee finds it unfortunate that the High Commissioner approved as many as thirty payments without following the public procurement guidelines. The Committee observes that this clearly demonstrates blatant disregard for the laid down regulations with impunity. It may also be an indication that the officer is not conversant with the guidelines at all. In this regard, the Committee urges the Controlling Officer to institute stern disciplinary measures against the High Commissioner and take steps to ensure that the High Commissioner adheres to procurement and other relevant legal provisions. The Committee will await a progress report.

c. Unclaimed Value Added Tax (VAT) - K591,397

The Controlling Officer submitted that the VAT claim was lodged and the Mission was still making efforts to claim VAT. He also submitted that the collection of VAT had proved to be a challenge due to the economic situation in that country.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the unclaimed VAT from the purchase of goods and services is recovered without fail. The Committee will await a progress report

MINISTRY OF FOREIGN AFFAIRS - MISSIONS ABROAD - GENEVA

AUDIT QUERY	:	PARAGRAPH 30
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

25. An examination of accounting and other records maintained at the Ministry Headquarters and the Mission, carried out in May, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. High Cost of Rented Properties - K14,583,295

The Controlling Officer submitted that there was no bank in Switzerland that was ready to avail funds due to the Mission's immunity. This prompted the Ministry to explore further until August, 2018, when AtlasMara Zambia entered into a contract with the Government of the Republic of Zambia to finance the acquisition of properties. In October, 2018, the Ministry constituted a team that travelled to Geneva to assess the availability of properties on sale. The team confirmed the availability of properties and the procurement process had since commenced.

Committee's Observations and Recommendations

The Committee notes the Controlling Officer's submission and will, therefore, await a progress report on the outcome of the procurement process.

b. Wasteful Expenditure

i. Payment of Rent for Vacated House – Villa Chemin DeMollies 29 Bellevue 1293 - K336,469 and K70,619

The Controlling Officer submitted that the Ministry regretted the occurrence, thereby issuing a circular to all Missions informing them that at the time of sending quotations for transportation of personal effects of the recalled Ambassadors and High Commissioners, the Mission should look for alternative space for storage of Government property.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and avoid the aiding of the loss of Government revenue unnecessarily. The Committee urges the Controlling Officer to put in place systematic measures that will avoid such lapses which lead to wasteful expenditure. The Committee also urges the Controlling Officer to take disciplinary action against officers who approved the payment. The Committee resolves to await a progress report on the matter.

ii. Payment of Rent for the Vacated House – Apartment No. 60 Route DeLa Satigny - K154,817

The Controlling Officer submitted that a caution letter was done for the continued payment of rent for the property which was vacated by the former First Secretary – Trade.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the officers responsible are surcharged for this wasteful expenditure. The Committee will await a progress report on the matter.

c. Unrecovered Advance - K37,999

The Controlling Officer submitted that the recoveries were done through the Casualty Notification Form upon payment of gratuity.

Committee's Observations and Recommendations

The Committee expresses disappointment at the failure to effect recoveries of funds. It, therefore, urges the Controlling Officer to take disciplinary action against responsible officers who failed to institute recoveries, timely. The Committee urges the Auditor General to verify the recovery as it resolves to await a progress report on the matter.

d. Payment for Repair Costs - Apartment No. 60 Route DeLa Satigny - K8,578

The Controlling Officer submitted that recoveries had been effected on the payroll.

Committee's Observations and Recommendations

The Committee will await a progress report on the recoveries of funds.

Committee's General Observations and Recommendations

The Committee expresses disappointment at the failure by the Head of Mission to adhere to Financial Regulations, procurement guidelines and Foreign Service Regulations. The Committee, therefore, urges the Secretary to the Treasury to ensure strict adherence to the regulations at all times. Further, the Committee urges the Secretary to the Treasury to ensure that non-compliant Heads of Missions are disciplined without exception. The Committee will await a progress report on the matter.

MINISTRY OF JUSTICE

AUDIT QUERY	:	PARAGRAPH 31
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and other Irregularities

26. An examination of accounting and other records maintained at the Ministry of Justice carried out from February to May, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Outstanding Payments of Compensation and Awards – K3,028,552,193

The Controlling Officer submitted that the funding levels during the period under review were insufficient to clear the outstanding amounts. As rightly acknowledged, the budget was K100,000,000 against an outstanding amount of K3,038,552,193, which translated to 3.30 percent.

She also submitted that in view of the foregoing, her office had been in constant engagement with the Secretary to the Treasury, with the aim of having the budgetary allocation for the Compensation Fund increased.

The Committee was informed that the Government was also concerned with the ever escalating debt under the Fund and had put in place the following measures to address this matter:

(i) **Enactment of the Compensation Fund Act, No. 43 of 2016**

This Act was put in place to ensure that the Compensation Fund was administered and managed in a transparent and rational manner.

The Act established the Compensation Fund Committee comprising of eight part-time members, who included representatives of organisations outside the Government as follows: the Human Rights Commission, Law Association of Zambia and Zambia Institute of Internal Auditors. This was done in order to enhance accountability and transparency in the manner that the Fund was being administered.

(ii) **Enactment of the Public Finance Management Act, No.1 of 2018**

The Act had strengthened accountability, oversight, management and control of public funds in the Public Financial Management Framework. It provided penalties for office holders that caused the loss of Government funds due to acts, wilful default or gross neglect of duty. The sanctions included suspension, surcharge equivalent to the loss incurred by the Government, demotion, termination of employment and any other penalty as prescribed under any other regulations. These sanctions not only provided the necessary punishment against offenders but also acted as deterrents against would be offenders.

(iii) **Sensitisation of Controlling Officers and Other Senior Government Officials**

The Ministry was in the process of conducting workshops in Ministries, Provinces and Spending Agencies (MPSAs) countrywide, to sensitise controlling officers and other senior government officials on many issues with a view to minimising Government's liability. The sensitisation would also focus on the implications of MPSAs not providing timely and adequate instructions on matters before court; and the provisions of the relevant laws including the Public Finance Management Act, No. 1 of 2018. The Ministry of Finance had already begun conducting similar workshops.

On the analysis of the outstanding claims provided by the Auditor General, the Controlling Officer submitted as set out below.

i. Outstanding Claims Exceeding Principal Amounts – K635,088,753

The Controlling Officer submitted that the Auditor General's observation was correct. The outstanding claims had increased and exceeded the judgment amount. This was mainly due to the fact that the principal amounts owed continued to accrue interest for as long as they remained unpaid. Funding was insufficient to liquidate the outstanding debt, causing an ever increasing debt stock.

The Committee was informed that in view of the foregoing, the Controlling Officer was in constant engagement with the Treasury to have the budgetary allocation for the Compensation Fund increased.

Committee's Observations and Recommendations

The Committee finds it unacceptable that interests on the outstanding payments of Compensation and Awards have accumulated to K874,088,141 representing 28.86 percent of the principal amount. The Committee urges the Controlling Officer to ensure that sensitisation workshops are conducted for MPSAs and explore an option of debt swap for clients with huge outstanding claims. The Committee also urges the Ministry of Finance to provide sufficient funds to liquidate the outstanding debt. The Committee will await a progress report.

ii. Judgment Entered in Default – K972,173

The Controlling Officer submitted that in order to address the concern, thirty-two positions of Principal State Advocate were created under the Ministry of Justice in 2014. These officers were to be deployed in various ministries and provinces for purposes of providing legal advice and rendering timely instructions to the Attorney-General's Chambers. This, however, was not achieved due to lack of Treasury Authority.

The Committee was informed that the Ministry of Justice wrote to the Ministry of Finance to request that funds be set aside in the 2019 personal emoluments budget for the Ministry of Justice to support the recruitment of the thirty-two Principal State Advocates. In this regard, the Secretary to the Treasury advised that the Ministry should include the request as part of the Ministry's 2019 - 2021 MTEF policy submission. The request was made but not included in the 2019 Budget due to the limited fiscal space. Assurance had been given that the request would be honoured when the resource envelope improved.

In addition, the Ministry was in the process of conducting workshops in Ministries, Provinces, and Spending Agencies (MPSAs) to sensitise controlling officers and other senior government officials as explained above.

Committee's Observations and Recommendations

The Committee will await a progress report on the recruitment of the thirty-two Principal State Advocates and on the holding of sensitisation workshops for controlling officers and other senior government officials.

b. Loss of Public Funds Through Negligence by Public Workers – K11,448,709

The Controlling Officer submitted that the Ministry of Justice had been in communication with the Secretary to the Cabinet and Public Service Management Division (PSMD), with the aim of recovering funds from officers who caused loss to the Government by acting negligently, or failing to follow Government procedures when executing their duties.

In addition, the Ministry's sensitisation workshops would help address the concern of erring officers. This was in accordance with the newly enacted Public Finance Management Act, No. 1 of 2018. The expected result of these workshops was that controlling officers, together

with their respective Heads of Department would have a greater understanding of the need to enforce the disciplinary provisions when officers caused loss to the state through wilful neglect.

Committee's Observations and Recommendations

The Committee will await a progress report on the recovery of funds from officers who caused loss to the Government by acting negligently, or failing to follow Government procedures when executing their duties.

MINISTRY OF FINANCE

AUDIT QUERY	:	PARAGRAPH 32
PROGRAMME	:	Various
ACTIVITIES	:	Various

Weaknesses in the Management of IFMIS and TSA

27. A review of the systems and other records maintained at the Ministry Headquarters in Lusaka and ten other provincial offices carried out during the period from June, 2017 to June, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. The IFMIS System Crash

The Controlling Officer submitted the following:

- (i) defective hardware (NetAPP Storage) was due to years of neglect to replace faulty backup tapes among others.

By the time the IFMIS was crashing on 29th January, 2018, Government had established the risk of the old hardware. The systems that had been procured and installed had been running since 2007 and were due for replacement. Three years before the crash, the Ministry had the following plans in place:

1. procure new hardware by 2015 – This was only achieved in 2017 due to budget constraints arising from the financial and economic challenges in 2015 and 2016.
2. migrate IFMIS and payroll systems by 2016 to new hardware – This was only achieved in late 2017 due to the lengthy procurement process.

By the time of the IFMIS crash in January, 2018, the project to migrate the systems from the old failing hardware had just started with the support of the consultancy under a contract of a joint venture consortium of Novabase Systems of Portugal, Seidor of Spain and SMARTNET, a local company in Zambia.

- (ii) errors in backups due to hardware problems for a considerable period of time in excess of five years. The errors in the backups were only noticed during the process of migration before the crash.

- (iii) the disaster recovery system did not take over due to an inherently corrupt database structure having been replicated to the Disaster Recovery (DR) site over a long period of time. It should be noted, however, that this was the site that was used in the recovery process. The technical team recovered the system at 100 percent as of 19th January, 2018, for which the system was successfully replicated from the main servers to the disaster recovery site.

The Committee was informed that since the crash, the following remedial measures had been put in place:

- the system was restored using a back-up that was done on 19th January, 2018, whereas the crash occurred on 29th January, 2018. The resultant ten day gap in data had been remedied by manually capturing all the missing documentation for that period. For purposes of data integrity assurance, the Controller of Internal Audit was reviewing the data before and after the crash and a report would be issued to that effect;
- analysis and data reconstruction strategy was completed on 11th February, 2018;
- reconstruction of transactional data was completed on 28th February, 2018;
- data integrity was audited and all master records reconstructed;
- system Go-Live in Ministry of Finance on 9th April, 2018;
- the system was restored to all MPSAs at 4th June, 2018;
- the systems had been migrated to new hardware; and
- the systems had been installed in more secure data centres which included the primary site; the National Data Centre.

The Controlling Officer further submitted that the following mitigating processes had been instituted:

- a dedicated ICT support structure had been proposed and was awaiting implementation in the new budget cycle;
- the technical team was developing a hardware replacement policy, which included the replacement of hardware for all Government critical systems after five years;
- a new solution (Data Domain) that would enhance the backups and quick restoration of systems had been scoped and was being implemented; and
- improvements to the conditions of the disaster recovery site were underway and included installation of technical standard cooling systems to prolong the life of the hardware. This was, among other key installations, important to disaster prevention and business continuity.

With regard to the production of financial statements, the Controlling Officer submitted that the consolidated financial statements were produced on 27th July, 2018, as indicated by the auditors because of the IFMIS crash. However, the system was restored beginning with system Go-Live in Ministry of Finance on 9th April, 2018 and to all MPSAs on 4th June, 2018.

Committee's Observations and Recommendations

The Committee finds it unacceptable that such an important Enterprise Resource Planning (ERP) solution that provides a wide range of system functionalities could be allowed to crash.

More saddening to the Committee is the possibility of data manipulation which could result into the loss of Government funds.

The Committee, therefore, urges the Controlling Officer to ensure that the ICT support structure and the hardware replacement policy are implemented. For purposes of data integrity, the Committee further urges the Controlling officer to ensure that the review of all data before and after the crash by the Controller of Internal Audits is concluded and any concerns raised resolved. The Committee will await a progress report on the matter.

b. Misappropriation of Funds - Refunds to the Zambia Bureau of Standards and Competition and Consumer Protection Commission – K453,998

The Controlling Officer submitted that the Integrated Financial Management Information System was a centralised ERP, implemented as a tool to manage all business processes in real time processing.

Access to the system was granted to the respective MPSAs through an online link to the main data centre. Authorisation to process transactions on the system were granted through authorisation roles and profiles allocated on the system according to the respective functions users were to perform on the system. A system process was required for master data for customers to be maintained on the system and this function was decentralised to respective MPSAs. An officer was designated to create data relating to customers (i.e. members of staff, grant aided institutions etc.). The authority to change was given to a senior officer, in this case a Senior Accountant.

During the period in question, authorisation to change master data was granted to the Senior Accountant at the Ministry of Commerce and Industry. The controls being a segregation of duties between the process of creating master data which was restricted to specific users and changing of master data.

Master records in the customer accounts for Zambia Bureau of Standards and Competition and Consumer Protection were changed, resulting in the amounts totalling K453,997.72 being remitted to a different account belonging to a Mr. Harrie Chiwanza. The Controlling Officer also submitted that available records on Payroll Management & Establishment Controls (PMEC) Payroll System revealed that Mr. Harrie Chiwanza was not a GRZ employee.

The officer who made the changes was dismissed from the civil service effective 1st December, 2017. On 12th September, 2018 under minute number MF/01264, the Secretary to Treasury directed the Controlling Officer for Head 33 - Ministry of Commerce, Trade and Industry to report the matter to the Inspector General of Police for further investigations.

Further the Permanent Secretary in the Ministry of Commerce, Trade and Industry had since reported the fraud case to the Inspector General of Police involving Messers Rodgers Mwanza and Lukhanda Matambo who were at the time serving as Senior Accountant and Accounts Assistant respectively, at the Ministry of Commerce, Trade and Industry.

Controls on the IFMIS

The Controlling Officer submitted that to further strengthen the controls on the system, the following actions were taken:

1. the rights to maintain (create and change) master data was withdrawn from all the users in MPSAs;
2. the function to maintain (create and change) master data was centralised under the Office of the Accountant General. A procedure to request for any changes was put in place with a requirement for duly signed maintenance forms to be submitted for any changes to be effected; and
3. the process to create or change master data within the Ministry of Finance required that a confirmation be done before any account was available for transactional processing.

Committee’s Observations and Recommendations

The Committee notes the Controlling Officer’s response and will await a progress report on the fraud case which has been reported to the Inspector General of Police.

c. Failure to Install SAP Enterprise Components – K50,991,560

The Controlling Officer submitted that the said components were not installed due to lack of necessary system requirements as the existing hardware could not support the implementation of the components. The components that had been noted as not implemented at the time of the Audit were part of the combination of components that the Government procured under an effort called “Enterprise License Agreement (ELA)”. This strategy was meant to reduce the cost of licensing like systems for the Government institutions. For this ELA, the Government procured these licenses for three systems under one agreement. These systems included the SAP system for Zambia Revenue Authority, The Payroll Management and Establishment Control (PMEC) system at Cabinet Office and the Integrated Financial Management Information System (IFMIS).

The procured licenses for the six components of the SAP Enterprise Licence remained property of the Government and were earmarked for implementation once the requisite hardware environment was put in place. The said environment was commissioned in the fourth quarter of 2017 and the project was currently underway to implement the six components. The status on each of the six components was as indicated in the table below.

S/N	Product	Status	Comment
1	SAP Business Objects BI Suite (User)	A new Business Intelligence (BI) system (Development) had been installed for PMEC and IFMIS since June, 2018	This component had been installed.
2	SAP Business Planning & Consolidation (BPC)	A Business Blue Print had been finalised and BPC configuration had commenced.	This component had been installed.
3	SAP Application Employee Self-Service Core User	These components were scheduled to be used in Phase 3 of the project.	These components had not been installed.
4	SAP Manager Self-Service User		
5	Sybase Unwired Platform Enterprise	This component would be installed after the New landscape had been	This component had not been installed

	Developer	finalised.	due to technical reasons indicated above.
6	Database	This component would be installed after the New landscape had been finalised.	This component had not been installed due to technical reasons indicated above.

The Controlling Officer further informed the Committee that the Government was using oracle when it paid for Sybase database due to the customised nature of the IFMIS, particularly the extension of the domain, which rendered it non-SAP standard. He submitted that it was not possible to migrate to a new database and carry out other maintenance activities such as applying patches and updates, without initially implementing a new hardware landscape and subsequently a completely new system void of the domain extension. This was being carried out and as of 1st January, 2019, the system which was in place would be better improved. The newly implemented one will be put into production and become the operational system.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's response unacceptable because the Ministry could have carried out a thorough assessment of system requirements which were compatible to the existing hardware, before proceeding to procure the six components for the SAP Enterprise Licence.

In this regard, the Committee urges the Controlling Officer to ensure that the requisite hardware environment is put in place without delay and to institute measures which would ensure due diligence when undertaking procurements in the Ministry. This will avoid wasteful expenditure.

MINISTRY OF COMMUNITY DEVELOPMENT AND SOCIAL SERVICES

AUDIT QUERY : **PARAGRAPH 33**
PROGRAMMES : Various
ACTIVITIES : Various

Accounting and Other Irregularities

28. An examination of accounting and other records maintained at the Ministry headquarters and visits to selected districts carried out from January to May, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Deduct Pension and Pay As You Earn (P.A.Y.E) – K53,961

The Controlling Officer confirmed that at the time of audit NAPSA and PAYE in amounts totalling K31, 726 and K22, 235, respectively had not been deducted from two employees under the Ministry. This was due to a systems failure at PMEC which was noted by the auditors.

She also submitted that her Ministry made representations and PMEC had since effected recoveries and contributions to the statutory bodies. Pay slips were available for verification.

Committee's Observations and Recommendations

The Committee will await a progress report on the recoveries of funds. It also urges the Auditor General's office to verify the available documents.

b. Unsupported Payments – K6,478

The Controlling Officer submitted that the ZRA receipt could not be availed due to the change in the systems. The other two receipts were still with the officers who undertook the activities and they could not be availed at the time of audit.

The Controlling Officer submitted that as a way forward, the Ministry had attached an officer from the Registry Department to assist with the records management in the Accounts Department. Additionally, the supporting documents had been retrieved from the responsible officers and were available for audit verifications.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to desist from addressing matters only after the exposure by the external auditors. The Committee contends that the efforts she has made to control the situation should have been carried out before the exposure by the external auditors. It, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to avail documents for audit. However, the Committee will await a progress report on the matter.

c. Failure to Avail Activity Reports – K14,380

The Controlling Officer submitted that the activity report was availed and the matter was resolved. The status report was available for audit verification.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to ensure that activity reports are submitted promptly upon completion of assignments. The Committee, however, resolves to close the matter.

d. Irregular Payment of Official Entertainment Allowance – K77,200

The Controlling Officer submitted that the correct position was that the amount being referred to was imprest for tea to various offices which was erroneously recorded as official entertainment allowances. She informed the Committee that during the period under review, there was no guiding circular on the amounts for each office and the guiding circular was only issued on 4th April, 2018.

She also submitted that going forward, the Ministry would start abiding by the provisions of the said circular No. MF/101/13/36 dated 4th April, 2018.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to sternly caution her officers to be prudent when administering public funds. The Committee however resolves to close the matter subject to audit verification.

e. Failure to Deduct Pay As You Earn (P.A.Y.E) – K2,864,426

The Controlling Officer submitted that there was misinterpretation of the formula used in computing the tax. Clarification on the computations was sought from the ZRA and the recoveries of the PAYE had been effected. Sample of payslips were available for verification.

Committee's Observations and Recommendations

The Committee finds it unacceptable that the entire accounting staff failed to interpret the formula used in computing the tax. The Committee urges the Controlling Officer to take disciplinary action against the concerned officers so as to will eliminate such lapses. The Committee resolves to await a progress report on the matter.

f. Misappropriation of Funds – K99,600

The Controlling Officer submitted that the Ministry reported the matter to the Police and the matter was still under investigation. The Ministry further complained to the bank regarding the suspicious manner in which an account was opened and subsequently funds withdrawn. Following the said complaint, the police had since transferred the matter to the Fraud Unit in order to expedite the process. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the outcome of the investigations.

g. Failure to Avail Expenditure Records - Economic Empowerment of Women Programme – K100,000

The Controlling Officer submitted that the Ministry had combined the monitoring of Women Empowerment Programme and Food Security Pack Programme countrywide, in order to minimise the cost of the exercise.

The Committee was further informed that the Ministry held a workshop to revise the guidelines of FSP and the Women Empowerment Programmes. The reviewing of the guidelines for the two programmes was done at the same time as a cost saving measure. However, the expenditure records could not be availed at the time of audit as the Ministry had more than three sets of audits taking place, simultaneously. That notwithstanding, the expenditure records were available for audit verification.

Committee's Observations and Recommendations

The Committee notes with concern that record management at the Ministry is poor. The Committee contends that if records are well managed, it is immaterial how many audits are taking place simultaneously, records can still be availed. The Committee, therefore, urges the Controlling Officer to take disciplinary action against those who failed to avail the documents. The Committee directs that the documents be availed for audit verification and awaits a progress report on the matter.

h. Failure to Effect Recoveries – K56,000

The Controlling Officer submitted that the recoveries could not reflect as the net pays for the officers were below 40 percent. The Ministry had since written to P MEC to effect the recoveries irrespective of the status. In this regard, P MEC had effected recoveries starting

November and December, 2018, respectively. Documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee will await a progress report on the full recovery of the funds.

MINISTRY OF COMMUNITY DEVELOPMENT AND SOCIAL SERVICES

AUDIT QUERY	:	PARAGRAPH 34
DEPARTMENT	:	Social Welfare
UNITS	:	Various
PROGRAMME	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

29. An examination of accounting and other records maintained at the Ministry Headquarters and visits to selected Provincial and District Social Welfare Offices carried out from January to May 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Engagement of Zambia Postal Services to Pay Social Cash Transfer Funds

i. Weaknesses in the Management of the Contract – Headquarters

- **Disbursements to Provinces Outside the Contract – K30,947,320**

The Controlling Officer submitted that the Ministry and ZAMPOST erroneously relied on Schedule 2 Section 8.3 (5) of the Special Conditions of the Contract which stated that Zampost was to avail its countrywide post offices for the payment of Social Cash Transfer to beneficiaries, as well as provide mobile payment services in areas mutually identified with the Ministry of Community Development and Social Services (MCDSS) after receiving a request from ZAMPOST which was approved by the Controlling Officer. Having noted the deficiency in the said provision, the two parties signed an addendum on 26th April, 2018. However, the Government had given a position paper on the subject and investigations were still ongoing, thus the Controlling Officer indicated that the Ministry would not want to jeopardise the outcome of the investigations.

She further submitted that the two parties were reviewing the contract and no further payments had been effected.

Committee's Observations and Recommendations

The Committee will await a progress report on the review of the contract between ZAMPOST and the Ministry. The Committee also awaits the outcome of the investigations.

- **Failure To Submit Reports And Returns**

The Controlling Officer submitted that the reports and returns were subsequently submitted after the Ministry wrote to ZAMPOST which was acknowledged in the

Auditor's verification report, although they were not in conformity with the contract provisions.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to invoke the provisions of the contract that forbade its violation. It also urges the Auditor General's Office to verify the available documents.

- **Failure to Facilitate Opening of Zero Charge Accounts**

The Controlling Officer submitted that Zampost failed to implement the opening of zero charge accounts for the beneficiaries despite several reminders to do so by the Ministry. However, ZAMPOST had regretted the delay which was due to a technical challenge and had promised to implement the contractual obligation as soon as the electronic payment system materialised.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the implementation of the electronic banking system.

ii. **Unacquitted Funds – K1,088,640**

The Controlling Officer submitted that ZAMPOST had indicated that a sum of K717,660 had been acquitted but was still paying the beneficiaries from the remaining funds.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to follow up the ongoing payments and establish why other beneficiaries were not paid. The Committee also requests the Auditor General's Office to verify the acquittal documents and reconcile the amount of money available to pay against the number of beneficiaries. The Committee will await a progress report.

iii. **Partial Transfer of Funds to ZAMPOST – K500,000**

The Controlling Officer submitted that it was indeed true that NATSAVE transferred a sum of K500,000, despite the Ministry instructing NATSAVE to transfer an amount of K1,257,480 to ZAMPOST. This left a balance of K757,480 in respect of Kasempa and Zambezi districts. She also submitted that it was true that NATSAVE further transferred amounts totaling K185,560 and K435,960 for Kasempa and Zambezi, respectively.

The Controlling Officer submitted that the partial transfer of funds to ZAMPOST by NATSAVE was due to liquidity challenges for NATSAVE, adding that the bank had since remitted the balance of K135,960 to ZAMPOST and that documentation was available for verification.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

iv. **Failure to Provide Deposit Slips For Re-deposited Funds – K279,100**

The Controlling Officer submitted that the correct position was that the Ministry funded ZAMPOST the sum of K395,460 and not K402,300, giving a variance of K6,840. The latest position was that ZAMPOST had since deposited all the funds.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

v. **Unaccounted for Funds – K30,947,320**

The Controlling Officer submitted that the Ministry had instructed ZAMPOST to pay beneficiaries in Luapula and Western Provinces for the November/December 2017 payment cycle using the remaining funds, which were meant for Northern, North Western and Muchinga provinces and Mpongwe and Lufwanyama districts. To this effect, the Ministry had written to ZAMPOST to submit reports and returns to account for the funds.

Committee's Observations and Recommendations

The Committee finds the submission by the Controlling Officer unacceptable. The Committee contends that the move to reallocate funds to provinces not initially intended was going against the approved budget. The Committee is also concerned that the Ministry went against the contract signed with ZAMPOST. The Committee sternly cautions the Controlling Officer to desist from unjustifiably reallocating funds meant for other activities. The Committee resolves to await a progress report on the retirement of funds paid to beneficiaries in Luapula and Western Provinces.

b. Failure to Remove Dormant Beneficiaries from the Register – Livingstone – K56,120

The Controlling Officer submitted that the failure to remove dormant beneficiaries from the register was due to challenges with the Management Information System which had since been resolved. Additionally, the Ministry had started a process of continuous data clean up to avoid future occurrences of dormant accounts.

The Committee was informed that the beneficiaries had since been removed and documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

c. Failure to Retire Transfer Funds by Pay Point Managers – K24,120

The Controlling Officer submitted that the retirement details were seen by the auditors although they needed physical verification.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

d. Alteration of Beneficiary Details-Lusaka DSWO – K10,800

The Controlling Officer submitted that at the time of payment, there were omissions of details on the payment schedules for Misisi Compound to facilitate disbursements by Pay Point Managers (PPM). As a result, the crowd became uncontrollable and a protest ensued

which was likely to degenerate into violence. In the quest to avert tension, PPMs were compelled to make the stated alterations to the schedules which were effected in the MIS in order to correct payment details for the affected beneficiaries.

However, the PPMs had been cautioned to ensure that they followed guidelines and the MIS had been updated accordingly.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against Pay Point Managers for going against the guidelines and to caution them to be meticulous when handling such public matters. However, the Committee recommends the matter for closure subject to audit verification.

e. Misapplication of Funds – K116,893

The Controlling Officer submitted that an amount of K81,229 at headquarters was borrowed to facilitate expenditure in the Minister's office and grants to districts for juvenile conveyance as there was no RDC funding. These funds were reimbursed and the auditors verified the matter.

With regard to Mufumbwe, she submitted that an amount of K1,000 which was indicated to have been misapplied, was not on the schedule referred to in the query and the auditors had not availed the details of the alleged misapplication.

With regard to Sinazongwe, she submitted that an amount of K4,500 had a separate funding for office rehabilitation, distinct from the 10 percent administration funds. Documentation was available for verification.

The Committee was informed that Petauke and Chipata with amounts of K2,995 and K4,250, spent the funds on buying furniture. Chipata needed a chair following deployment of more staff while Petauke needed filling cabinets due to accumulation of files. The Committee was informed that authority to vary funds was granted by the Provincial Social Welfare Officer as per Social Cash Transfer guidelines. The Controlling Officer stated that this expenditure was within administration funds for the said areas.

She further submitted that Kalulushi spent the K22,919 during the handover of the Social Cash Transfer vehicle, which was within the Social Cash Transfer Programme administration costs component.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against responsible officers for failure to provide information during the audit process. The Committee, therefore, resolves to await a progress report on the Auditor General's reassessment of the audit query and the submission of the Controlling Officer.

f. Questionable Acquittal Sheets-Kazungula Social Welfare Office – K66,700

The Controlling Officer submitted that the acquittals that were signed by Community Welfare Assistance Committee (CWAC) members were seen by the auditors, although they needed physical verification to ascertain if the funds were paid to the CWAC members.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to facilitate the physical verification for the Auditors to ascertain if the funds were paid to the CWAC members. The Committee will await a progress report on the matter.

g. Unaccounted for Stores – K49,170

The Controlling Officer submitted that the lapse was due to poor filling system. The latest position was that all the receipts and disposal details had been traced and were available for audit verification.

The Controlling Officer also submitted that as a way forward, the Ministry had attached an Officer from Registry to assist with the records management in the Accounts Department.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to provide information during the audit process. The Committee will await a progress report on the matter.

h. Weaknesses in the Transport Management - Fuel

(i) Fuel Drawn by Private Non GRZ Motor Vehicles – K3,264

The Controlling Officer submitted that the correct position was that the vehicles were from sister departments and not private vehicles. The districts were compelled to use vehicles from sister departments as they had no vehicles of their own.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to avail records to the auditors. Therefore, the Committee urges the Controlling Officer to avail records to the Auditors, indicating that GRZ Motor Vehicles drew the fuel in question. The Committee will await a progress report on the matter.

(ii) Irregular Drawing of Fuel – K5,966

The Controlling Officer submitted that Chitambo District used a vehicle from Immigration Department, while Mumbwa District had provided the registration number for the motor vehicle that drew the fuel. The documentation was available for audit Verification.

Committee's Observations and Recommendations

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

i. Weaknesses in the Management of Imprest and Allowances

(i) Irregular Use of Accountable Imprest to Procure Goods and Services – K62,630

The Controlling Officer submitted that it was regrettable that accountable imprest totalling K62,630 was used to procure goods and services and that no competitive quotations were obtained.

In this regard, the Controlling Officer submitted that the respective DSWOs had been cautioned for abrogating the financial regulations. Further, her Ministry had instructed the provinces and districts to apply for allocation of accountable imprest in order to mitigate the problem especially in rural districts with no banking facilities.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers for irregular use of imprest. The Committee will await a progress report on the matter.

MINISTRY OF HEALTH

AUDIT QUERY	:	PARAGRAPH 35
DEPARTMENT	:	Various
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

30. An examination of accounting and other records maintained at the Ministry headquarters and physical inspections of projects in selected districts carried out from February to May, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Infrastructure Development

Construction of Mufulira District Hospital – Out Patient Department and Administration – K12,341,125

The Controlling Officer submitted that the status of the project as at 31st October, 2018 was that both the OPD and administration block had been roofed with the administration block receiving the first coat of paint, and fixing of electrical. The progress stood at approximately 65 percent. The works had generally delayed and the contractor had been warned by the project managers for delaying works. The contractor had, however, been granted an extension of time by the project managers, Ministry of Housing and Infrastructure Development (MHID), up to 31st December, 2018, after which they had stated that liquidated damages shall be applied.

Committee's Observations and Recommendations

The Committee notes with concern the progress made on the project as submitted. It contends that thirty eight months is a long time for the works to stand at 65 percent. The Committee, therefore, urges the Controlling Officer to put extra effort to ensure that the project is completed without any further delay and that the contractual rights of the Government are fully exercised where applicable. The Committee will await a progress report on the remaining works.

Construction of Kazungula District Hospital Phase I and Associated External Works Comprising of OPD and Administration Block – K11,772,951

The Controlling Officer submitted that the contractor, Mercury Lines Ltd, was granted extension of time by the project managers (MHID), to 30th December, 2018, and was on site. The status of the project as at 31st October, 2018, was as outlined below.

Out-Patient Department (OPD)

Completion of works was at 98 per cent. Progress had been made on electrical installation, fire alarm system was complete, and fixing of switches and sockets was in progress.

Outstanding works included installation of air conditioners and hand driers in the toilets and the X-ray shield and doors which were not yet fixed.

Administration Block

Completion was at 98 per cent. Progress had been made on electrical installation in that fire alarm system, switches and sockets were installed. Outstanding works included the air conditioners and hand driers in the toilets.

External Works

External works were not yet complete. However, ZESCO had commenced installation works. Poles had been erected up to the feeder pillar position to connect power to the facility.

Outstanding on the ZESCO works were the concrete works on the plinth, erecting conductors and the installation of the transformer. Outstanding works included street lighting, storm water drainage and landscaping. The amount paid to date on the contract amounted to K9,445,933.91.

Committee's Observations and Recommendations

The Committee finds it unacceptable that the contractor was not on site at the time of audit. This explains why some of the simple works like fixing of doors have not been undertaken. In this regard, the Committee urges the Controlling Officer to ensure close supervision of the project in order to expeditiously finish the remaining works. The Committee resolves to await a progress report on the status of this project until all the remaining works are completed.

Construction of Kalomo District Hospital Comprising of Theatre, Incinerator and 4 Houses – K23,996,022.16

The Controlling Officer submitted that the contractor, Golden Horse Ltd. was on site following the release of a payment that was due to him. The contract completion date was revised and extended to 15th December, 2018, by the project managers, MHID. The amount paid to date on the contract amounted to K6,973,563.54. The status of the project as at 31st October, 2018, was that works on the maternity ward were still at wall plate level awaiting roofing, with plastering complete. The theatre was roofed and plastered and the link corridor between OPD (phase I works) and phase II had been done. The electrical first fixes were complete and plumbing first fixes had commenced. However, the incinerator works had not commenced.

Committee's Observations and Recommendations

The Committee is concerned about the failure by the contractor to honour the terms and conditions of the contract. The Committee finds it unacceptable that a contract which should

have terminated on 4th June, 2016, was still running in 2018, with a lot of work still uncompleted. It, therefore, urges the Ministry of Housing and Infrastructure Development not to entertain any further requests for extensions, but to seriously engage the contractor to finish the remaining works without any further delay. The Committee will await a progress report.

Construction of Vubwi District Hospital comprising of Out Patient Department and Administration – K13,070,095

The Controlling Officer submitted that the status of the project as at 31st October, 2018, was as set out below.

Administration Block

Roof construction, metal works, internal and external plastering, floor tiling, glazing were fully completed. Other works completed were drainage construction and fixing of doors. Plumbing works were 90 percent completed while paint works were still incomplete.

External Works

Septic tank, soak away and drive ways were completed while the borehole had been sunk and equipped. However, the tank stand had not been erected but materials were on site.

Out Patient Department Block

Roof construction, metal works, internal and external plastering, aluminium framing of the laboratory, fixing of doors and drainage construction were fully completed. Power connection to the main building was also done. However, paint works were still in progress.

Extension of time had been granted by the projects managers, MHID, to 31st January, 2019.

Committee's Observations and Recommendations

The Committee notes the progress made on the project and urges the Controlling Officer and the Ministry of Housing and Infrastructure Development to engage the contractor to ensure that the remaining works were expeditiously completed. The Committee will await a progress report.

Construction of Theatre, Maternity, Four Houses and Incinerator at Lundazi District Hospital – K10,069,874

The Controlling Officer submitted that Construction of Lundazi Hospital (Phase II) was being done by Merit Engineering with works sub contracted to Shachitari Contractors. The scope of works included construction of OPD, administration block, and four Houses, one ward, incinerator, mortuary and related external works.

The status of works as at 31st October, 2018 was that the works were certified as practically complete by MHID. The contract was in defects liability period.

The Committee was also informed that the construction of Phase III of Lundazi Hospital was being done by Mercury Lines Ltd. This included the construction of two wards, six low cost houses and external works. The contractor had been granted extension of time by the project managers, MHID, to 31st December, 2018. The status of the project as at 31st October, 2018, was as follows:

External Works

Septic tank and soak away were fully completed while manholes and road works were 85 and 40 percent done, respectively. In addition, construction of walkways and spoon drains were still in progress. However, ramps were not yet done.

Female Ward

Internal and external painting with undercoat and tiling in wet areas were done while plumbing and glazing, electrical wiring, ceiling were 90 percent done. However, flooring was in progress while fitting of doors and glass panes were not done.

Children's Ward

Plumbing and pipe work were completed while ceiling was 85 percent completed. Meanwhile, fitting of doors, glazing and flooring were not done.

Six Low Cost Houses

All houses were roofed and plastered internally and externally, with window and door frames fitted. Works of the electrical wiring, ceiling and preparation for spoon drains on the houses were in progress. Meanwhile, septic and soak away were 60 percent done.

Committee's Observations and Recommendations

The Committee observes that generally a lot of work under Phase III was lagging behind. The Committee, therefore, urges the Controlling Officer to closely supervise the contractor to ensure quality and adherence to the terms and conditions of the contract. The Committee will await a progress report on the remaining works.

Construction of Mwinilunga District Hospital Comprising of Out Patient Department and Administration Block – K19,193,984

The Controlling Officer submitted that the failure to complete the project on schedule was partly due to the suspension of works by the Project Managers, MHID from November, 2017, to April, 2018, following their request to carry out quality tests on the works. The contractor resumed works in April, 2018, after recommendation by MHID to proceed with the work and further undertake remedial works.

The Controlling Officer further stated that one of the main reasons for delayed completion of works was delayed release of funds from the Treasury, as funds were required timely to settle outstanding payment certificates for work done. However, following the release of funds by the Treasury in August, 2018, outstanding interim payment certificates were honoured and great progress had been recorded on a number of projects. The contractor had been granted extension of time by MHID to 2nd March, 2019.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the completion of the remaining works.

MINISTRY OF HEALTH

AUDIT QUERY	:	PARAGRAPH 36
UNIT	:	Various
PROGRAMME	:	Personal Emoluments
ACTIVITIES	:	Various

Accounting and other Irregularities

31. An examination of accounting and other records maintained at the Ministry headquarters, Provincial Health Offices (PHOs), District Health Offices (DHOs) and selected general hospitals, carried out during the period January to June, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a) Misplacement of Officers on the Payroll – K38,938,610

The Controlling Officer submitted that the observation was correct and this was mainly attributed to the administrative transfers of staff made in response to the expansion programme that the Ministry of Health had embarked on. The Ministry had been constructing and upgrading hospitals, health centres, and health posts in its quest to bring quality health services as close to the people as possible. To operationalise these, the Ministry had had to make administrative transfers while awaiting the required Treasury Authority (TA) for normalisation.

The table below shows the current status of the 634 officers cited for misplacements on payroll:

Case	#	Action
Duplication -same names repeated on the schedules.	19	The list had been reconciled and duplications identified
Transfers – staff administratively transferred to new and upgraded hospitals and facilities	121	Obtained the Treasury Authority (TA) and administrative transfers have been normalised.
	11	Recommendations for normalisation of transfers had been made to the Public Service Management Division (PSMD)
	483	New structure with required positions approved by Cabinet Office. However, normalisation was awaiting Treasury Authority as advised in the letter of approval for the new expanded structure from Cabinet Office.
Total	634	

Committee's Observations and Recommendations

The Committee is concerned over the Controlling Officer's submission, as it is of the view that Treasury Authority can be granted within a month. While the Committee commends the Controlling Officer for the expansion and opening up of more health centres across the country, it insists that before health workers are deployed, Treasury Authority should be sought a month prior to opening any health centre to avoid misplacement of officers on the

payroll which gives rise to such queries. The Committee urges the Secretary to the Treasury to pay particular attention to the expansion programme under the Ministry of Health and ensure that Treasury Authority is granted expeditiously when it is sought so as to ensure improved service provision to the Zambia public. The Committee, however, resolves to close the matter subject to audit verification.

b) Irregular Payment of Salaries to Officers Absent from Duty Without Leave – Mumbwa DHO – K62,622

The Controlling Officer submitted that one of the officers in question proceeded on paid study leave but failed to return to the station upon completion of studies. The other one just deserted from duty.

In view of the aforementioned, the two officers had been dismissed from the public service and salaries paid recovered from their terminal benefits. The District Health Director - Mumbwa had been charged for poor supervision and given a recorded warning in line with the Disciplinary Code for Handling Offences in the Public Service.

He further submitted that the Ministry had embarked on an exercise to re-orient management officials from provincial and district health offices on human resource and payroll management to avoid reoccurrence.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

c) Irregular Payment of Salaries to Officers that Resigned from Service – K408,682

The Controlling Officer submitted that the fifteen officers that resigned from the Civil Service were not timely removed from the payroll due to administrative lapses.

However, the Provincial Health Directors for Central and Copperbelt had since been charged for poor supervision and given recorded warnings in line with the Disciplinary Code for Handling Offences in the Public Service.

The Committee was informed that all officers who resigned had been removed from the Government payroll and salaries paid had been recovered from their terminal benefits. The Committee was also informed that the Ministry had engaged the current employers of these officers to recover on its behalf from those whose terminal benefits were insufficient to clear their indebtedness as the table below shows.

Province	Station		Name	Amount Paid (K)	Amount Recovered (K)	Balance (K)
Central	Serenje DHO	1	Isaiah Mukuta	41,946.21	41,946.21	0
	Itezhi–Tezhi DHO	1	Nsama Bwalya	18,831.87	12,358.95	6,472.92
	Mumbwa DHO	1	Daki Chilembo	11,626.04	11,626.04	0

		2	Danny Chiboleka	25,089.23	25,089.23	0
		3	Elizabeth Malitano	32,348.95	32,348.95	0
		4	Killian Simazuwo	31,032.40	31,032.40	0
		5	Joackim Mulenga	30,844.35	30,844.35	0
		6	Muma Chentulo	21,897.52	18,727.80	3,169.72
		7	Phiri Anthony	44,009.55	34,986.00	9,023.55
		8	Kahaya Kanganja	42,700.14	26,460.00	16,240.14
		9	Mwenya K Kaemba	34,278.55	34,104.00	174,55
		10	Mutamba Chishala	25,879.16	14,700.00	10,614.93
	Kabwe Gen Hospital	1	Caeser Magumba	22,767.70	22,767.70	0
Copperbelt	Lufwanyama DHO	1	Steward Bwalya	19,409.37	19,409.37	0
		2	Petronella Chilupula	6,021.82	6,021.82	0
	TOTAL			408, 682.86	362, 422.82	46, 260.04

Committee's Observations and Recommendations

The Committee directs that all documentation be availed to the Auditor General for verification. It will await a progress report on the recovery of the remaining balances.

d) Irregular Payment of Housing Allowance – K162,661

The Controlling Officer submitted that this was due to an administrative lapse and the respective District Health Directors had been given recorded warnings for allowing officers to draw Housing Allowance while occupying Government houses.

The Controlling Officer also submitted on the specific findings by province as set out below.

- **Central and Copperbelt Provinces:** The six officers in question shared institutional houses on personal arrangements with their colleagues without management consent. The concerned Officers were charged, given recorded warnings and recoveries effected on payroll; and
- **Eastern Province:** Out of the thirteen officers who were getting Housing Allowances, three were eligible for Housing Allowance because they were not accommodated in institutional houses while one officer was offered accommodation in May, 2017, and payment of housing allowance was stopped. Recoveries for the remaining nine officers were effected. Documentation was available for audit verification.

Committees Observations and Recommendations

The Committee urges the Controlling Officer to put measures in place to address administrative lapses resulting in irregular payments. It resolves to await a progress report on the recovery of funds from the nine officers.

e) Irregular Payment of Rural Hardship Allowance – K100,863

The Controlling Officer submitted that the eighteen officers received Rural Hardship Allowances because they had been posted to qualifying stations which were not ready at the time. Therefore, the officers were temporarily stationed at non-qualifying stations.

However, the allowances had been stopped and recoveries effected on the payroll for all the eighteen non-qualifying officers. Documentation was available for audit verification.

Committee's Observations and Recommendations

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

MINISTRY OF HEALTH

AUDIT QUERY	:	PARAGRAPH 37
UNIT	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

32. An examination of accounting and other records maintained at the ten provincial health offices, selected district health offices (DHOs), hospitals and training schools, carried out in March, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Unsupported Payments – K67,958

The Controlling Officer submitted that the supporting documents were misplaced at the time of audit. However, the payment vouchers were fully supported with the relevant documents and the officers had been given recorded warnings for not availing the documents to the auditors during audit.

Committee's Observations and Recommendations

The Committee is disappointed about the misplacement of accountable documents. It, therefore, urges the Controlling officer to put measures in place that will augment records management at Itezhi-Tezhi DHO. The Committee, however, resolves to close the matter subject to audit verification.

b. Failure to Follow Public Procurement Procedures

The Controlling Officer submitted with regret that Mwandia District Health Office (DHO) made the said procurement without approval of the Procurement Committee. However, Mwandia District Sub Procurement Committee had since been appointed.

Additionally, the District Health Director had been given verbal warning for not following the procurement procedures.

Committee's Observations and Recommendations

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

c. Irregular Payment of Meal Allowance – K12,285

The Controlling Officer submitted that the payments were not in line with what was provided for. Therefore, the Provincial Health Directors for Western and Copperbelt Provinces had been given recorded warnings.

He further submitted that the funds had since been recovered from the officers and that management had continued to sensitise provincial, hospital and district health officers on the need to follow procedure in the administration of meal allowance. Documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

d. Payment of Refunds Without Prior Authority – K45,901

The Controlling Officer submitted that at the time of audit, the authorising documents were misplaced. However, the documents had been traced and accordingly, Provincial Health Directors for Western and Central Provinces had been given recorded warnings.

He further submitted that as a way forward, the Ministry had heightened sensitisation and orientation of staff on financial management procedures and records management.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

e. Irregularities in Management and Accounting for Imprest

i. Questionable Payment to General Nursing Council Officers - Solwezi Nursing School – K21,439

The Controlling Officer submitted that the Provincial Health Office (PHO), as per procedure, invited the General Nursing Council (GNC) officers on behalf of the School to assess the readiness of the Nursing School for upgrade from the Enrolled to the Registered Nursing Programme. Therefore, the costs had to be borne by the Training School.

The letter written by the Provincial Health Director inviting officers from GNC to assess the Nursing School and the acquittals were available for audit verification.

Committee's Observations and Recommendations

The Committee finds it unacceptable that information could not be provided during the time of audit. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to provide information to the auditors. The Committee will await a progress report on the matter.

ii. **Irregular Use of Imprest to Procure Goods and Services – Kabwe Provincial Health Office - K88,302**

The Controlling Officer lamented that despite the office accounting for all of the procured goods and services, the use of accountable imprest was not acceptable and could not be justified. However, the Committee was informed that the Provincial Health Director had been given a recorded warning and directed to follow procurement procedures at all times.

Committee’s Observations and Recommendations

The Committee sternly cautions the Controlling Officer to ensure that the Financial Regulations are not violated regarding accountable imprest at Kabwe Provincial Health Office. However, the Committee recommends the matter for closure subject to audit verification.

f. **Irregularities in the Procurement and Management of Stores and Maintenance of Assets**

i. **Unaccounted for Stores – Itezhi-Tezhi District Health Office – K69,608**

The Controlling Officer submitted that the documents could not be availed at the time of audit because they were misfiled. However, receipt and disposal details had since been retrieved and all stores items accounted for.

The Committee was informed that the Stores officer had been given a written warning for failing to present the documents at the time of audit. The Ministry had also continued to orient officers on stores and records management. Receipt and disposal details were available for audit verification.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

ii. **Double Payment of Transportation Costs – Chipata Provincial Health Office – K24,000**

The Controlling Officer submitted that the two payments made to Jonda Contractors were for two different trucks, hired at a cost of K12,000 each. The need for two trucks, as opposed to the earlier plan of using one, arose due to the bulkiness of the equipment in question. This was only realised at the point of loading at Medical Stores Limited (MSL) when dispatch procedures had been concluded. He regretted that no prior assessment had been done to determine the bulkiness of the equipment that needed to be collected from MSL in Lusaka.

With regard to Local Purchase Order, he submitted that officers erred in using one Local Purchase Order (LPO) No. 0737224 to process the two payments. The Committee was informed that the responsible officers had been given written warnings for failure to provide sufficient documentary evidence to the auditors at the time of audit. Further, management had also cautioned the Senior Accountant, Procurement and Supplies Officer and directed them to ensure that in future, one Local Purchase Order should not be used for more than one transaction.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

iii. Failure to Insure Motor Vehicles

The Controlling Officer submitted that failure to insure the vehicles was mainly attributed to financial challenges the institutions faced.

Western Province

Management had taken up instalment payment plans with the Zambia State Insurance Corporation to ensure that all insurable vehicles were placed on cover.

Copperbelt Province

Five out of the nine motor vehicles cited in the report were runners and these had since been insured. The remaining four which were non-runners were earmarked for disposal through the Board of Survey.

Insurance receipts, a list of insured vehicles and insurance certificates were available for audit verification.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the outcome of the instalment payment plans with the Zambia State Insurance Corporation by the Western Province. The Committee also urges the Auditor General's office to verify the insurance documents for the Copperbelt Province.

iv. Failure to Report a Motor Vehicle Accident – Lewanika General Hospital

The Controlling Officer submitted that the motor vehicle accident involving a GRZ vehicle and a non GRZ vehicle was not reported to the Standing Accidents Board at the time it occurred because the driver did not report the accident to the management at Lewanika General Hospital. Therefore, management at the Hospital was not aware about the accident as there was no damage caused to the GRZ vehicle until when the owner of the private vehicle claimed for damages.

However, the matter was later reported by Lewanika Hospital management to the Western Province Standing Accidents Board Committee.

He further submitted that since the driver was at fault, management charged and made him to offset the costs of repairing the damaged vehicle. In this regard, recoveries had been effected.

Committee's Observations and Recommendations

The Committee recommends the matter for closure, subject to verification of recoveries.

v. Failure to Inscribe Government Assets

The Controlling Officer submitted that marking of assets was done by the Ministry of Works and Supply and at the time of audit, institutions had applied for the service and were on the waiting list.

The Committee was informed that Central Province was still on the waiting list while assets in Eastern and Lusaka Provinces had since been inscribed. The correspondence between the Districts cited in the report and the Ministry of Works and Supply were available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Auditor General's Office to verify the inscribed assets in Eastern and Lusaka Provinces. The Committee also emphasises the need for all public officers to provide information to the Auditor General whenever required to do so in order to avoid such queries being reported. In this vain the Controlling Officer is urged to mete out disciplinary action against officers who failed to provide the necessary information to the Auditor General at the time of audit. The Committee, further, resolves to await a progress report on the inscription of assets in Central Province.

g. Irregularities in Management of Statutory Taxes

i. Failure to Withhold Value Added Tax (VAT) – K73,975

The Controlling Officer submitted that Management at Lewanika General Hospital and Solwezi Provincial Health Office claimed not to have received instructions which were sent to all health institutions as per Treasury and Financial Management Circular No. 6 of 2017.

However, suppliers were still obliged to ensure that returns with appropriate remittances were filed with the Zambia Revenue Authority (ZRA). To this effect, his Ministry engaged ZRA and the concerned suppliers to ensure that the paid VAT was ultimately remitted.

The Committee learnt that concerned suppliers from Solwezi had since submitted their tax clearance certificates, while ZRA had taken up the responsibility to verify declarations and payment status for those paid by Lewanika General Hospital.

He also submitted that management had established a unit to enhance compliance by all offices under the Ministry. Cabinet Circular No. 5 of 2018 was also issued to ensure effective implementation of the Act and all provincial health directors had been directed to ensure adherence.

VAT returns from contractors and suppliers, tax clearance certificates and letter from ZRA taking up responsibility to verify the declarations were available for audit verification.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

ii. Engagement of Contractors Not Registered with ZRA (VAT) – Kabwe Provincial Health Office

The Controlling Officer submitted that three of the four contractors queried were actually registered for VAT purposes as per confirmation obtained from the Zambia Revenue Authority while Tint Construction was registered for Turnover Tax and, as such, was not supposed to have charged VAT on their invoices.

In light of the above, the Controlling Officer submitted that the Ministry had written to Tint Construction through the office of the Permanent Secretary, Central Province, to refund the difference between the 3 percent Turnover Tax which should have been charged and the 16 percent Value Added Tax which was charged. VAT Registration Certificates and Demand letter for refund written to Tint Construction were available for audit verification.

Committee's Observations and Recommendations

The Committee expresses concern that officers paid VAT without verifying registration of the contractor. It, therefore, urges the Controlling Officer to take disciplinary action against the officers who approved the payment, for negligence. The Committee resolves to await a progress report on the refund of the difference by Tint Construction.

h. Failure to Collect User Fees – K307,620

The Controlling Officer submitted that the latest position was that management had collected K245,296 out of K307,620, leaving a balance of K62,324 uncollected as per table below.

Province	Station	Uncollected Fees at the time of audit (K)	Subsequent Collections (K)	Current Balance (K)
Western	Lewanika General Nursing School	78,560.00	57,620.00	20,940.00
North Western	Solwezi Nursing School	225,435.00	184,051.00	41,384.00
Copperbelt	Ndola School of Nursing	3,505.00	3,505.00	-
	Ndola School of Nursing Theatre	120.00	120.00	-
	TOTAL	307,620.00	245,296.00	62,324.00

The failure to collect fees in full was due to the financial difficulties that most students and their sponsors faced. However, respective school managements had put measures in place to ensure that students honoured their obligations. The most effective one, in addition to ongoing reminders and engagements, was that of withholding results for defaulting students until outstanding fees were settled.

Reminder letters to students to pay outstanding fees and copies of GRZ receipts of the collected fees were available for audit verification.

Committee's Observations and Recommendations

The Committee will await a progress report on the recovery of the outstanding balance of K62,324. In the meantime, the documents relating to the collected amount should be submitted to the Auditor General for verification.

i. Delays in Banking Revenue –Ndola Teaching Hospital – K2,340,570

The Controlling Officer submitted that the delays in banking revenue at Ndola Teaching Hospital were mainly due to weak supervision and lapses in the internal control systems.

The Committee was informed that the officers were charged, their exculpations found unsatisfactory and, therefore, the Controlling Officer instructed internal audit from Ministry headquarters to carry out a special audit at the Hospital. The audit was underway and the outcome would determine the ultimate action to be taken against the various officers.

The Committee was further informed that the Ministry had since introduced a direct deposit system where clients deposited the fees directly into the hospital bank account, using the bank established at the hospital, and submit the deposit slip to the cashiers for receipting.

Charge letters to concerned staff were available for verification

Committee's Observations and Recommendations

The Committee commends the measures put in place by the Controlling Officer. The Committee, however, expresses disappointment at the failure by the officers to bank collected revenue timely. The Committee, therefore, urges the Controlling Officer to put in place measures which will avert delays in banking of revenue and take disciplinary action against responsible officers. Further, the Committee resolves to await a progress report on the outcome of a special audit being undertaken at the Ndola Teaching Hospital.

j. Irregularities in the utilisation of Medical Supplies

i. Undelivered Drugs and Medical Supplies.

The Controlling Officer submitted that the Ministry attached great importance to the management of the entire supply chain of drugs and medical supplies. Management had continued to implement interventions and measures aimed at streamlining and strengthening the operations of Medical Stores Limited (MSL) in particular, and the whole supply chain in general. He acknowledged that despite all these efforts, the situation was yet to reach the desired status, otherwise the cited audit queries should not have occurred.

He also submitted that a thorough scrutiny of documents relating to queries cited in the report was conducted; out of which he wished to submit as set out below.

iii. Chinsali Provincial Health Office – Muchinga

Review of the records showed that the anti-rabbies vaccine, quantity 400 units and valued at K24,000 were not physically dispatched despite this product having been processed and reflected in the MSL system under the issue report. This was because Chinsali Provincial Health Office advised that they had enough stock. However, records were not adjusted until December, 2017, when the stock reconciliation exercise was conducted. The product was eventually allocated and delivered to high consumption health facilities in Lusaka and Copperbelt Provinces.

proof of delivery to these health facilities, including ciprofloxacin valued at K2,143.6 which was also queried and a letter from Muchinga PHO, advising that they did not need the product at the time as allocated, were available for audit verification.

Committees Observations and Recommendations

The Committee is disappointed that this explanation and documents were not provided to the auditors. The Committee, therefore, urges the Controlling Officer to take disciplinary

action against officers who failed to provide documents to the auditors. Further, the Committee urges the Auditor General to verify the documents as it resolves to await a progress report on the matters.

Chinsali District Health Office

All the drugs and medical supplies cited in the audit report were actually delivered except for those on Order Number 121901, Kit Yamoyo (Oral Rehydration Salt - ORS) 650 valued at K70,525, issued on the system on 29th January, 2017. This product was also not dispatched from MSL based on the advice from the receiving office and was later issued to Zambezi District Health Office.

Proof of delivery for all items and a letter from Chinsali District Health Office advising that they did not need the product as allocated was available for audit verification.

Committees Observations and Recommendations

The Committee is disappointed that this explanation and documents were not provided to the auditors. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to provide documents to the auditors. Further, the Committee urges the Auditor General to verify the documents and resolves to await a progress report on the matters.

Mpika and Nakonde District Health Offices

All drugs and medical supplies cited in the audit report were delivered and proof of delivery was available for verification.

Committee's Observations and Recommendations

The Committee is disappointed that this explanation and documents were not provided to the auditors. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to provide documents to the auditors. Further, the Committee urges the Auditor General to verify the documents and resolves to await a progress report on the matters.

Kalingalinga Warehouse – Lusaka

The antiretroviral drugs (ARVs) were issued to Lusaka District Health Office using a manual document PH81N which was later used to normalise on the MSL MACS Warehouse Management System. The MSL issued report indicated the following quantities:

- Efavirenz 600 mg 40,000
- Lamivudine, Tabs 150MG 40,266
- Tenofovir 150 MG 40,244

The PH 81N and stock records to show that these drugs were received were available for verification.

Committees Observations and Recommendations

The Committee is disappointed that this explanation and documents were not provided to the auditors. The Committee, therefore, urges the Controlling Officer to take disciplinary

action against officers who failed to provide documents to the auditors. The Committee further urges the Auditor General to verify the documents and resolves to await a progress report on the matters.

Matero Level 1 Hospital

Scrutiny of the records had failed to show any issuance of drugs worth K12,920 to Matero Level 1 Hospital. Further, engagement with the office of the Auditor General may be required for the Ministry to conclusively deal with this matter.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage the Auditor General's Office and clarify the matter.

Kanyama Level 1 Hospital

Drugs worth K13,079, recorded as supplied to Kanyama Level 1 Hospital, were actually returned to Medical Stores Limited due to adequate quantities at Kanyama Level 1 Hospital at the time. The Facility acted in that way to prevent overstocking and ultimately expiries.

The dispatch notes and a letter from Medical Stores confirming non-delivery and returned Drugs were available for verification.

Committee's Observations and Recommendations

The Committee is disappointed that this explanation and documents were not provided to the auditors. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to provide documents to the auditors. The Committee further urges the Auditor General to verify the documents and resolves to await a progress report on the matters.

ii. Unaccounted for Drugs and Medical Supplies

The Controlling Officer submitted as follows:

EASTERN PROVINCE - Chipata District Health Office

After reconciling the documents between Medical Stores Limited and Chipata District Health Office, it was discovered that 205 tins of cotrimoxazole tablets worth K31,977 were not collected by Chipata District Health Office because the product had a short shelf life and the District still had enough stock for use in all the facilities.

The letter from Medical Stores Limited indicating that 205 tins of cotrimoxazole tablets were rejected by Chipata District Health Office was available for audit Verification.

Committee's Observations and Recommendations

The Committee is disappointed that this explanation and documents were not provided to the auditors. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to provide documents to the auditors. The Committee also urges the Auditor General to verify the documents and resolves to await a progress report on the matters.

LUSAKA PROVINCE

Matero Level 1 Hospital

Laboratory commodities amounting to K58,799 were accounted for by Matero 1st Level Hospital using the Electronic Management Information System and not the physical stock records. However, the records had since been copied from the electronic Logistics Management Information System (eLMIS) to the physical control cards.

Disposal documents such as delivery notes and stock control cards for all queried commodities amounting to K58,799.3 were available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed that this explanation and documents were not provided to the auditors. It, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to provide documents to the auditors. The Committee urges the Auditor General to verify the documents as it resolves to await a progress report on the matters.

Kanyama Level I Hospital

Management of Kanyama Level 1 Hospital had, at the time of audit, just cleared the storage in the box pharmacy (prefabricated container on a slab) where medicines, medical supplies including records were being kept. This was to pave way for the new construction works at the health facility. This situation contributed to the failure by the health facility to locate the necessary documents at the time. The storage in a box was later reinstalled.

The necessary documents were located and drugs and medical supplies amounting to K158,266 accounted for. Disposal documents for the supplied commodities amounting to K158,266 were available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed that this explanation and documents were not provided to the auditors. It, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to provide documents to the auditors. The Committee urges the Auditor General to verify the documents as it resolves to await a progress report on the matters.

iii. Supply of Sub-Standard Medical Supplies – Lundazi District Hospital

The Controlling Officer submitted that the quality problem was discovered in the course of the facility using the product. This was attributed to chemical reactions that usually occurred in liquid products during storage, causing particles that affected the normal effectiveness of the product when used. Regrettably, the facility did not report early when this anomaly was noticed.

He also submitted that other health facilities that received the product within and outside Eastern Province did not report a similar occurrence for products within the same batch stored in similar conditions. At the time of audit, investigations had been ongoing and were concluded at the end of October, 2018.

He further submitted that the remaining container of the developer had since been recalled for quarantine and further disposal at Medical Stores Limited, while the facility was issued a replacement of the five 2x 20 liter containers. Documents from Medical Stores were available for audit verification.

Committee's Observations and Recommendations

The Committee observes that the general handling of the developers at the Lundazi District Hospital was very poor, especially that there were no similar reports of malfunctioning in other facilities. The Committee also finds it unacceptable that the facility could not report early when this anomaly was noticed. It therefore urges the Controlling Officer to take disciplinary action against all officers responsible for this negligence so as to prevent the reoccurrence. The Committee will await a progress report.

k. Infrastructure Development

During the period from 2014 to 2017, the Ministry engaged twenty six contractors with contract prices in amounts totalling K135,503,744 to carry out various infrastructure development activities. Against this amount, a total K65,735,927 was paid, representing forty nine percent of the total contract price.

WESTERN PROVINCE

Sesheke District - Completion of Ngweze Health Post - Off Road Trading Limited at the cost of K300,000

The Controlling Officer submitted that as of June, 2018, the OPD block and staff house had been completed while the drilling and equipping of borehole was still outstanding.

The Controlling Officer also submitted that as at 31st October, 2018, the contractor had completed all building works and remained with drilling of the borehole. The Committee was informed that the Ministry of Health did not owe the contractor any outstanding payments. The contractor had been instructed to return to site and drill the borehole. The Controlling Officer also submitted that the contractor had attributed the delay in drilling the borehole to administrative arrangements of securing a 4 x 4 drive drills to undertake the works, as only the 2x4 drive drills were readily available. The contractor had assured that the drilling would be done and an extension of time had been granted up to 13th December, 2018.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the borehole is drilled without any further delay. The Committee will await a progress report.

Mulobezi District – Completion of Senembo Health Post - Tosh Building Contractors at the Cost of K200,000

The Controlling Officer submitted that as of June, 2018, the staff house had been roofed and painted with glazing and flooring done. Outstanding works were fitting of window stays; fitting of doors on the VIP toilets and drilling and equipping of borehole.

The Controlling Officer further submitted that as at 31st October, 2018, the contractor had completed all building works and remained with drilling of the borehole.

The Committee was informed that the Ministry of Health did not owe the contractor any outstanding payments. The contractor had been instructed to return to site and drill the borehole.

The Controlling Officer also submitted that the contractor had attributed the delay in drilling to administrative arrangements of securing a 4 x 4 drive drill to undertake the works, as only the 2 x 4 drive drills were readily available. The contractor had assured that the drilling shall be done and an extension of time had been granted up to 11th December, 2018.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the borehole is drilled without any further delay. The Committee will await a progress report.

Senanga District- Construction of Operating Theatre Block at Senanga General Hospital - Raymond Construction Limited at the Cost of K1,759,018

The Controlling Officer submitted that as of June, 2018, the project had not been completed and the project had since been abandoned by the contractor at wall-plate level.

The Controlling Officer informed the Committee that the contractor had been warned for abandoning the site, contrary to the contract provisions. Further, a recommendation to terminate the contract was submitted to the office of the Western Provincial Permanent Secretary.

Committee's Observations and Recommendations

The Committee is saddened by the failure of the contractor to fulfil the contractual obligations. It urges the Controlling Officer to expeditiously address the contract issues surrounding the project to ensure completion of remaining works. The Committee will await a progress report.

MUCHINGA PROVINCE

Shiwangádu District - Construction of a 1 x 18 Office Block in Shiwangádu – K4,328,756

The Controlling Officer submitted that as of April, 2018, the office block had been roofed. However, the following works were outstanding: plastering, painting, tiling, plumbing, glazing, fitting of doors, road works and parking area and drilling and equipping of two boreholes. The Controlling Officer informed the Committee that the contractor, Divine Link Contractor Ltd, was on site and had been granted an extension of time up to 20th November, 2018, by the project managers (Provincial Buildings Engineer). However, a review conducted in November, 2018 revealed no much progress had been made. Therefore, the contractor had been given a final warning.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the remaining works are completed without any further delay. The Committee will await a progress report.

SOUTHERN PROVINCE

Namwala District Construction of Namwala District Hospital Phase III – K13,000,000

The Controlling Officer submitted that the completion of the project had been delayed as of June, 2018. The contractor, Mercury Lines Ltd, had since been granted extension of time by the Project Managers, MHID, of up to 28th February, 2019. He also submitted that the contractor was on site and the following was the progress of work as a 31st October, 2018:

Female Ward – the Controlling Officer submitted that toilet wall and floor tiling, wiring, ceiling, painting, electrical fittings, plumbing works, glazing and carpentry works were still outstanding. Manholes were not covered and plastered while dish drain and apron were also uncompleted.

Children's Ward – the Controlling Officer submitted that kitchen ceiling, tiling, ablution block door frames, second coating, electrical fittings, plumbing works, glazing, carpentry works were all outstanding while manholes were not plastered and had no covers. Dish drain and apron were also not done.

Six Low Cost Houses – the Controlling Officer submitted that works on the ceiling, window panes, painting, electrical fittings, plumbing were still ongoing on the six low cost houses.

Three Drainage and External Works – the following works were still outstanding: Drainage, landscaping, walkway, roads and parking area, 100,000 litres steel water tank with 12m high tank stand, borehole with control panel, 5HP submersible pump, electrical substation and 400KVA standby generator.

Committee's Observations and Recommendations

The Committee observes that works have progressed well. The Committee, therefore, resolves to await a progress report on the remaining works.

Gwembe District

Construction of Gwembe District Hospital Phase II – K20,873,265

The Controlling Officer submitted that completion of the works were delayed and the outstanding works at the maternity, theatre, service block (kitchen and laundry) were tiling, wiring, ceiling, painting, electrical fittings, plumbing works, glazing, carpentry works, drain and apron. The Controlling Officer submitted that the contractor, Hua Chang Infrastructure Engineering, had been granted extension of time by the project managers, MHID, to 21st December, 2018. He also submitted that the contractor was on site and the following was the progress of work as a 31st October, 2018:

Maternity, Theatre, Service Block and Mortuary

Roofing was at 100 percent complete, plastering and electrical first fixes had also been done.

Incinerator

The incinerator was still at slab level.

Staff Houses

The staff houses were roofed. Internal and external plastering had been completed with metal works also complete.

Committee's Observations and Recommendations

The Committee observes that generally, works have progressed well. The Committee, therefore, resolves to await a progress report on the remaining works.

Kazungula District

Construction of Kazungula District Hospital Phase I – K11,772,951

The Controlling Officer submitted that completion of the works was delayed and the outstanding works included completion of water reticulation and electrical installations. The Controlling Officer submitted that the contractor, Mercury Lines Ltd., had been granted extension of time up to 30th December, 2018 and was on site.

The Committee was informed that as a 31st October, 2018 some progress on water reticulation had been made by the contractor. Notable were excavation works for the main water supply line which were underway. Electrical installations at both OPD and administration blocks had been done with fire alarm system installed; fixing of sockets and switches was underway. Linked to electrical installation was the external power supply by ZESCO. ZESCO was on site with poles erected up to the feeder pillar position to connect power to the facility. However, ZESCO was yet to do the concrete works on the plinth, erecting conductors, and installing the transformer.

Committee's Observations and Recommendations

The Committee will await a progress report on the remaining works.

EASTERN PROVINCE

Sinda District - Construction of 1 x 8 Two Bedroomed Block of Flats at Nyanje Mission Hospital in Sinda District – K11,062,074

The Controlling Officer submitted that the contractor Shachitari Contractors Limited, was on site and below was the status as at 31st October, 2018.

Interior and exterior plastering, door and window frames, electrical wiring, ceiling, reveals on the underside of the suspended slab, floor screed were fully completed. Plumbing works were 95 percent complete with kitchen sinks remaining. Some of the works yet to be completed were Landscaping, construction of substation which was at hard-core fill level, storm water drainage, septic tank, tank installation. Geysers were installed while glazing, painting and decorations were yet to be done. The fitting of doors and tiling had not been done.

The contractor was granted extension of time of up to 4th December, 2018.

Committee's Observations and Recommendations

The Committee is satisfied with the works done so far. The Committee, however, resolves to await a progress report on the remaining works.

Lundazi District

Construction of Lundazi District Hospital Phase III in Lundazi District – K10,069,872

The Controlling Officer submitted that the construction of Lundazi District Hospital phase III was being done by Mercury lines at the cost of K10,069,872. The contractor was granted extension of time by the project managers to 31st December, 2018. A physical site inspection carried out on 12th April, 2018, twenty three months beyond the expected completion date, revealed that the project had not been completed.

He also submitted that the status of work as at 31st October, 2018 was as set out below.

External Works:

All the works were still outstanding except for the paving of the walkway. Other outstanding works included road works, construction of walkways, manholes, ramps and spoon drains.

Female Ward

The Controlling Officer submitted that the outstanding works included painting, flooring, fitting of doors, plumbing and glazing, electrical wiring, ceiling and fitting of glass panes.

Children's Ward

The Controlling Officer submitted that the outstanding works included ceiling, plumbing, pipe work, fitting of doors, glazing and flooring.

Six Low Cost Houses

All the six houses were completed and roofed except for one which was only half way roofed. Plastering of both inside and outside was done for four houses while tubing was done in three houses.

He also submitted that the outstanding works included electrical wiring, Ceiling, spoon drains, septic tank and soak away.

Committee's Observations and Recommendations

The Committee will await a progress report on the remaining works.

COPPERBELT PROVINCE

Ndola District

Construction of Kitchen and Dining Hall at CIMAS Hostel in Ndola – K1,957,756.36

The Controlling Officer submitted that the status of work as at 31st October, 2018 was as follows:

- the building had been roofed and plastered; and
- the ceiling was at about 50 percent complete and electrical first fix had commenced.

He also submitted that the overall progress was at about 75 percent and that the contractor had been granted an extension of time to 30th December, 2018.

The works which were yet to be completed included the installation of ceiling panels, floor and wall finishes, electrical and sanitary fittings, fixing of doors; and fitting of the cold room.

Committees Observations and Recommendations

The Committee will await a progress report on the remaining works.

Construction of a Maternity Wing at Kabushi Health Centre – K1,622,888.40

The Controlling Officer submitted that the status of work as at 31st October, 2018 was that the works were approximately 95 percent done, with the building roofed, plastered and painted, doors and glazing fitted.

The contractor had been granted an extension of time to 30th December, 2018, by which time they were expected to complete the outstanding works which included electrical final fix; and erection of tank stand and installation of water tank.

Committee's Observations and Recommendations

The Committee will await a progress report on the remaining works.

Construction of Psychiatric Unit at Ndola Central Hospital – K14,539,522.36

The Controlling Officer submitted that the status of work as at 31st October, 2018, was that the wards, laundry room and skills training hall were at roof level and had been plastered. The Administration building had been roofed, plastered and undercoat paint applied.

The Committee was informed that the project managers held a meeting with the contractor on 30th October, 2018, to review progress and impress upon the contractor to secure more materials and increase on the labour force so as to speed up the works. The overall progress was at approximately 80 percent and the contract had been extended up to 31st December, 2018.

The works were progressing albeit slowly. The remaining works included the roofing of the wards, laundry room, kitchen and skills training hall. Other remaining works included fitting of ceiling panels, painting, electrical, floor finishes, door and window frames and glazing and plumbing.

Committee's Observations and Recommendations

The Committee will await a progress report on the remaining works.

Kitwe District

Construction of a Standard Maternity Block at Mindolo Clinic 1 – K1,662,890.74

The Controlling Officer submitted that the status of work as at 31st October, 2018 was as follows:

- the Maternity block was substantially complete save for a few snags which the contractor was attending to;
- all the seven double doors as provided for in the Bills of Quantities had been fitted; the two wards without doors were designed as such to be open wards;

- ZESCO had been paid the capital contribution for power supply but were yet to mobilise to site. However, Kitwe District Health office was making follow ups with ZESCO; and
- the water reticulation had since been connected by the contractor. The contractor had been granted an extension of time up to 29th December, 2018.

Committee's Observations and Recommendations

The Committee observes that generally, works have progressed well. The Committee, therefore, resolves to await a progress report on the remaining works.

Upgrading of Ndeke Village Hospital – K7,228,631.64

The Controlling Officer submitted that the status of work as at 31st October, 2018, was as follows:

- The maternity block was roofed and plastered; and
- The laboratory and Mortuary were at wall plate level whereas the theatre was at lintel level. The overall progress was at about 60 percent.

The Committee was informed that the contract termination process was under way due to lack of meaningful progress by the contractor.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the engagement of a new contractor and the completion of the remaining works.

Chililabombwe District - Construction of Chililabombwe District Phase 1 and Associated External Works – K9,731,839.82

The Controlling Officer submitted that the status of work as at 31st October, 2018, the works were approximately 95 percent complete. The OPD block and Administration block had been roofed, plastered and undercoat painted with electrical first fix done and sanitary fittings underway with a few still outstanding. The contractor was also attending to all the snags which were pointed out to them, including the water seepage through the stone facing.

Other works which the contractor needed to complete included the following:

- Installation of man hole covers;
- Completion of the installation of ceiling panels in the grid framework; and
- The installation of sanitary fittings in the Mental Health and Physiotherapy Departments.

The Committee was informed that the contractor had been granted an extension of time of up to 31st December, 2018 by the project managers MHID.

Committee's Observations and Recommendations

The Committee observes that generally, works have progressed well. The Committee, therefore, resolves to await a progress report on the remaining works.

CENTRAL PROVINCE

Chitambo District

Completion of Student Hostels at Chitambo Nursing School – K1,372,218

The Controlling Officer submitted that the status of works as at 31st October, 2018, was as follows:

The project was complete, handed over and in use as per completion certificate dated 13th March, 2018. He further submitted that the contractor was notified of the defects noted and remobilised back to site. The grout was added to fit the tiles in the laundry and ablution block while other works underway were attending to the leakages in the laundry and ablution block and some of the rooms.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

Construction of Staff House at Chitambo Hospital – K297,223

The controlling Officer submitted that the status of work as at 31st October, 2018 was as follows:

The Contractor abandoned site and could not re-mobilise even after so many reminders and engagements. The contract had since been terminated and assessment of works was carried out in order to establish the remaining scope of works which could be re-tendered.

Committee's Observations and Recommendations

The Committee will await a progress report on the re-tendering of the construction works of Staff House at Chitambo Hospital.

Mumbwa District

Construction of a Maternity Ward at Naluvwi Rural Health Centre in Mumbwa District – K282,767

The Controlling Officer submitted that the Project delayed to complete due to slow progress of works by the contractor. A recommendation had been made to terminate the contract.

The Controlling Officer also submitted that the installation of the water borne facilities on the project was for future use as the district had plans to connect the facility to water reticulation for smooth service provision.



Picture Showing Status of Maternity Ward

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

Itezhi-Tezhi District - Construction of a staff House at Buunga Rural Health Centre – K213,780

The Controlling Officer submitted that the project had been granted an extension to 31st December, 2018.

The outer doors, glazing to the windows were complete. The improperly fitted door, leaking roof at ridge point and improperly fitted wardrobe doors had been corrected. The works were at 95 percent completion. The remaining works were painting both to the VIP latrines and staff house.



Fig: Showing Status of Staff House at Buunga Health Post in Itezhi-Tezhi District.

Committee's Observations and Recommendations

The Committee observes that generally, works have progressed well. The Committee, therefore, resolves to await a progress report on the remaining works.

Chibombo District

Completion of Theatre at Mwachisopola Health Demonstration Zone – K236,222

The Controlling Officer submitted that the project had been granted an extension to 31st December, 2018.

As of 30th October, 2018, the contractor was polishing and levelling the terrazzo floor. The replacement of the ceiling, fitting of rubber doors were not part of the scope of works. The project was at 95 percent completion.



Fig: Contractor Levelling and Polishing the Terrazzo Floor.

Committee's Observations and Recommendations

The Committee observes that generally, works have progressed well. The Committee, therefore, resolves to await a progress report on the remaining works.

Construction of Dining Hall/Kitchen at Mwachisompola HEDEZO in Chibombo – K1,371,734

The Controlling Officer submitted that the contractor was granted an extension of time to 31st December, 2018.

The contractor was back on site and as at 30th October, 2018, the status of works was as follows metal works were 100 percent complete, plastering outside was 85 percent done, electrical fittings 60 percent done and fitting of ceiling board 30 percent works done. Works were in progress. The outstanding works were flooring, drainage works, plumbing and building of soak ways.



Fig: Showing External Plaster Works

Internal plaster works and ceiling works to the kitchen and store room being done.

Committee's Observations and Recommendations

The Committee will await a progress report on the remaining works.

Kapiri-Mposhi District

Construction of Maternity Ward and VIP Toilet at Lukomba Health Post – K195,025

The Controlling Officer submitted that the maternity ward and VIP toilets were at 86 percent completion and the project had been granted an extension of time to 31st December, 2018. The status of works on the maternity ward as at 30th October, 2018, was fitting of air vents, roofing, flooring, fitting of door frames, metal works and electrical works were at 60 percent completion. The remaining works were painting, fitting of external and internal doors, glazing and drainage works. The status on the VIP toilets was as follows: roofing, plastering and door frames had been fitted. The remaining works were fitting of a door, vent pipe and painting works were in progress.



Fig: Showing Plastered Works to the Maternity Annex

Committee's Observations and Recommendations

The Committee will await a progress report on the remaining works.

Committee's General Observations and Recommendations

The Committee observes that, generally, the Controlling Officer has been instituting disciplinary action against erring officers. The Committee further observes an increased rate of failure to provide information and accountable documents to the auditors. The Committee has also observed the poor management of contracts and supervision of infrastructure projects. In this regard, the Committee urges the Controlling Officer to institute preventive measures that would reduce disciplinary cases. In addition, the Controlling Officer should step up sensitisation on financial and other applicable regulations for officers in the Ministry. With regard to contract management and project supervision, the Committee urges the Controlling Officer to carefully evaluate the contractors before any award of a contract. The Committee also urges the Ministry of Health to constantly engage the Ministry of Housing and

Infrastructure Development for proper supervision. The Committee will await a progress report on the matters raised.

MINISTRY OF HOUSING AND INFRASTRUCTURE DEVELOPMENT

AUDIT QUERY	:	PARAGRAPH 38
UNITS	:	Various
PROGRAMME	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

33. An examination of financial and other records maintained at the Ministry Headquarters carried out from February to May, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Unretired Accountable Imprest - K346,512

The Controlling Officer informed the Committee that K346,512 was paid to an officer as imprest during the year under review. However, the imprest could not be retired as the documents had been seized by the Drug Enforcement Commission (DEC). The officer had since been dismissed from the civil service and the case had been handed over to the relevant authorities for further investigations.

Committee's Observations and Recommendations

The Committee notes the response with concern and recommends that the Controlling Officer should monitor the retirement of imprest in order to ensure that it is retired timely. The Committee also recommends that the Controlling Officer should take disciplinary action against the officers who failed to monitor and ensure the timely retirement and recovery of imprest. The Committee resolves to await a progress report on the matter.

b. Irregular Payments of Meal Allowance - K40,800

The Controlling Officer submitted that one officer was paid K32,300 to pay out meal allowances to various officers. However, the officer was unable to avail the retirement documents at the time of audit as the documents had been seized by DEC. The officer had since been dismissed from the civil service and the case had been handed over to the relevant authorities for further investigations.

The other K8,500 was paid to various officers as meal allowances. These officers were working outside the station at Anina's Executive Lodge. The officers should have been paid out of pocket allowance at the rate of K184, K182 and K171 for staff in Division I, Division II and Division III, respectively. However, the officers were paid meal allowance at the rate of K85. This could have been an error in the interpretation of the Terms and Conditions of Service.

Committee's Observations and Recommendations

The Committee observes that the query is on the failure to adhere to the provisions of Cabinet Office Circular No.11 of 2013, Clause 7(iv) resulting in the irregular payments of meal allowance and therefore, the issue of the seizure of papers by DEC should not arise.

The Committee urges the Controlling Officer to strictly follow the guidelines and rates related to the payment of various allowances to avoid irregularities. The Committee further recommends that the Controlling Officer should take disciplinary action against the officers who authorised the irregular payments. The Committee resolves to await a progress report on the matter.

c. Symposium Conference (Missing Receipt Books)

The Controlling Officer submitted that negligence and lack of due care by the officer resulted in the loss of accountable documents and therefore, the failure to avail the receipt books at the time of audit. The officer was requested to report the matter to the Police. However, the police report obtained was not accepted by both Management and the auditors as sufficient evidence.

The officer had since been dismissed from the civil service and the case had been handed over to the relevant authorities for further investigations.

Committee's Observations and Recommendations

The Committee is deeply concerned about the reported missing receipt books and notes that the officer responsible was not properly supervised. The Committee finds the loss of receipt books unacceptable and recommends that the Controlling Officer should exercise adequate supervision of all accounting officers and prevent further loss of public funds in the Ministry. The Committee awaits a progress report on the matter.

d. Infrastructure Development – New Districts

The Controlling Officer submitted that the works at the Shibuyunji and Nyimba construction sites had stalled due to non-performance by the contractors. For Shibuyunji District, the contractor was imprisoned and the Ministry had commenced the process of terminating the contract. Another contractor would be awarded the contract to complete the works. With regard to Nyimba District, the contractor had been urged to speed up the works.

Committee's Observations and Recommendations

The Committee is disappointed at the non-performance by contractors which has resulted in delayed completion of the projects. The Committee contends that this may be as a result of inadequate capacity by contractors to deliver the projects. With this in mind, the Committee recommends that the Government should ensure that only contractors with capacity to deliver projects on time are awarded contracts. In addition, the Government should fulfil its financial obligations in time to ensure that projects are not delayed on the pretext of delayed settlement of approved payment certificates. The Committee will await a progress report on the status of the projects.

MINISTRY OF HIGHER EDUCATION

AUDIT QUERY	:	PARAGRAPH 39
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

34. An examination of financial and other records maintained at the Ministry of Higher Education Headquarters and a visit to selected institutions carried out from January to May 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Non-Installation of Water Tanks at Kapasa Makasa University – Chinsali

The Controlling Officer informed the Committee that the contractor had suspended the works due to non-payment of the approved certificates. However, the contractor was back on site after having been paid for Certificates No. 18 and 20 amounting to K6,253,260.46, and the installation of the water tanks had since commenced. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer puts measures in place, including the prompt settlement of approved certificates, to ensure that the project is completed without further delay. The Committee resolves to await a progress report on the matter.

b. Undelivered Furniture - Mwense Trades Training Institute

The Controlling Officer informed the Committee that the initial consignment of the furniture was rejected due to poor quality. However, the supplier had since delivered the beds that were according to the specifications.

Committee's Observations and Recommendations

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

c. University Education

i. Failure to Avail Expenditure Returns - K28,465,897

The Controlling Officer explained that the expenditure details could not be availed for audit as there were delays in receiving them. The delay was mainly caused by communication breakdown as some Missions Abroad were sending the returns to the Ministry of Foreign Affairs, while other Missions had challenges to separate the expenditure since they had no separate account for the students and had no student attachés to oversee student welfare. All the Missions had since been advised to submit expenditure returns directly to the Higher Education Loans and Scholarships Board (HELSEB) and that no further funding would be released if the expenditure returns were not submitted for the previous funding. Furthermore, a system had been put in place to ensure that returns were submitted before the end of each financial year in order to avoid similar audit queries in future.

The Controlling Officer further submitted that expenditure returns for amounts totalling US\$ 20,000 from Algeria, Morocco, Tunisia, Russia, Turkey and Cyprus had been collected and were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken so far. The Committee urges the Controlling Officer to ensure that the remaining returns are submitted without further delay and that following the implementation of a new system, a similar query should not recur. Further, the Controlling Officer should submit all available documentation to the Auditor General for audit verification. The Committee will await a progress report on the matter.

ii. Loans Board Management Information System

- **Lack of an Integrated Student Management Information System**

The Controlling Officer submitted that the Student Finance Management Information System (SFMIS) that was being used by the Higher Education Loans and Scholarships Board was not yet interfaced with the Copperbelt University and the University of Zambia. This was due to the fact that the system was not yet fully developed by the consultant engaged by EQUIP2 through the Ministry of General Education.

Further, the Higher Education Loans and Scholarships Board was in the process of developing a robust system to replace the current SFMIS. In this regard, the Board appointed a steering committee on 30th August, 2018, to spearhead the development of the new robust system, which was expected to be installed by the end of May, 2019.

All issues to do with the electronic integration of SFMIS with relevant academic systems at the time of application, as well as the upload of students' records into various systems run at universities would also be addressed in the design of the new SFMIS.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the installation of the new robust system.

- **Weaknesses in the Administration of the MS SQL Database**

- **Failure to Disable or Lock Down the Default Administrator Account – System Administrator Account**

The Controlling Officer submitted that in October, 2018, the Higher Education Loans and Scholarships Board undertook an administrative exercise to disable the System Administrator account and to rename the Administrator account. A new Administrator account had been created to be used by the programmer.

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer against waiting for auditors before taking action on important issues such as putting systems in place. The Committee expects the Controlling Officer to be proactive in ensuring that robust systems are in place as these will contribute to the effectiveness of the

departments and institutions under his charge. The Committee resolves to close the matter subject to audit verification.

○ **Failure to Patch the MS SQL Database**

The Controlling Officer submitted that the Higher Education Loans and Scholarships Board had overlooked the importance of patching the database, because there was only one user who could log in. However, in October, 2018, the Board undertook an exercise to patch the current MS SQL database with Service Pack Three in order to reduce exposure to vulnerabilities such as denial of service and remote attacks.

Committee's Observations and Recommendations

The Committee notes the action taken by the Ministry and resolves to close the matter subject to audit verification.

● **Inadequate Logging in at the Database Level**

The Controlling Officer submitted that the settings were modified to enable the logging in of transactions at the database level. The logs would be subjected to periodic reviews to establish operational statistics.

Committee's Observations and Recommendations

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

● **Inadequate Security Configuration on Database**

The Controlling Officer submitted that the Higher Education Loans and Scholarships Board had overlooked the importance of a strong security configuration on the database, because there was only one user on remote access to the database. However, in October 2018, the Board undertook a technical administrative exercise to disable remote access to the server on which the database was hosted. Any remote activities that required updating were done off-line.

Committee's Observations and Recommendations

The Committee notes the Controlling Officer's submission but is not sure about the status of the guest account and, therefore, recommends that the guest account be disabled too. The Committee will await a progress report on the matter.

d. The Copperbelt University

i. **Under Budgeting of Student Tuition and Accommodation Fees**

The Controlling Officer submitted that the under budgeting was due to the budgetary ceiling imposed by the Ministry of Finance. The Ministry of Higher Education would ensure that the number of sponsored students was within the approved budget by reconciling all the invoices received at the end of every term. The Controlling Officer stated that quarterly planning and budgetary reviews would be conducted.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission unconvincing and unacceptable. The Committee believes that the Ministry of Higher Education awards loans to eligible students based on the Government's approved budget for students' tuition and accommodation fees in each financial year. Therefore, it is expected that the University always invoices the Ministry of Higher Education based on the number of Government sponsored students registered with the University. The issue of the budgetary ceiling should, therefore, not arise. In this regard, the Committee recommends that the Ministry of Higher Education should stop under budgeting for students' tuition and accommodation fees and should settle the outstanding amounts without further delay. The Ministry should further settle the invoiced amounts in full at all times. The Committee resolves to await a progress report on the matter.

ii. **Irregularities in Administration of Students**

The Controlling Officer submitted that reconciliation between Government supported students (8,173 students) and Bursaries Committee supported students schedule (7,228), revealed that the schedule submitted to the auditors was incorrect. However, the correct schedule had become available and was used to reconcile the number of students on Government sponsorship and on the University invoice. It was also observed that out of 8,173 Government sponsored students, twenty-six students did not register with the Copperbelt University (CBU) due to various reasons. Therefore, the bill for 8,147 students was justified. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the Controlling Officer's submission that the Ministry of Higher Education gave an incorrect schedule to the auditors and, therefore, cautions the Controlling Officer against providing incorrect information to the auditors. The Committee also urges the Controlling officer to take disciplinary action against the officer who tendered an incorrect document.

The Committee directs that all documentation be submitted to the Auditor General for verification. Meanwhile, the Committee will await a progress report on the matter.

• **Over Billing to Government - K12,431,670.91**

The Controlling Officer informed the Committee that the schedule that was submitted to the auditors only captured students registered within the audit period of January to December, 2017, despite the CBU academic year covering the period from August, 2016 to August, 2017. This resulted in the omission of students registered between August and December, 2016. A reconciliation of the data held by both the CBU and the Higher Education Loans and Scholarships Board showed that a total number of 8173 students were on the provisional list of students to be supported in 2017. The correct number of 8147 students was invoiced by CBU, leaving out the twenty-six students who did not register with the CBU and therefore, there was no overbilling.

Committee's Observations and Recommendations

The Committee resolves to close the matter subject to audit verification and the general observation and recommendation on page 196 on the failure to provide information to auditors.

- **Students on the University Bill But Not on the Overall Copperbelt University Database - 377**

The Controlling Officer informed the Committee that the invoices issued were based on sponsor status and end-comment of the previous academic year. The Controlling Officer stated that the analysis of the University database showed that all the 377 students were enrolled at the Copperbelt University.

Committee's Observations and Recommendations

The Committee notes the response. The Committee resolves to close the matter subject to audit verification and the general observation and recommendation on page 196 on the failure to provide information to auditors.

- **Students on the Bursaries Database But Not on Overall Copperbelt University Government Sponsored Students**

The Controlling Officer explained that a reconciliation of the databases held at the CBU and the Higher Education Loans and Scholarships Board revealed that out of 1,988 students, 1,862 students belonged to the 2016 academic year, and were only screened by the Bursaries Committee in 2017. This left a balance of 126 students who did not register with CBU at the time of audit. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee expresses concern at the poor records management at the Higher Education Loans and Scholarships Board, which has resulted in a number of audit queries. The Committee is of the view that these irregularities could be an indication of the dubious activities that may be going on at the Higher Education Loans and Scholarships Board. In particular, the Committee feels that the inclusion of 126 students who were not registered students of CBU, on its database could be evidence of fraud at the institution. In light of this, the Committee recommends that the Government should investigate the inclusion of the 126 students on the data base and mete out disciplinary action on any officers who will be found culpable on the matter. Further, the Controlling Officer is directed to closely supervise the Higher Education Loans and Scholarships Board to ensure that there is prudent management of funds meant for student loans and inspire public confidence in the Board. The Committee awaits a progress report on the matter.

- **Students on the Overall Copperbelt University Government Sponsored Students not on Bursaries Committee Database**

The Controlling Officer submitted that the query was caused by the use of different student identifiers in the CBU and the Higher Education Loans and Scholarships Board databases. The CBU used computer numbers to identify registered students, while the Higher Education Loans and Scholarships Board used National Registration Card numbers.

The Controlling Officer further submitted that a reconciliation of the database held at the CBU and the Higher Education Loans and Scholarships Board revealed that 2,863 students were found on the Higher Education Loans and Scholarships Board database with correct

details. Nine students were found on the Higher Education Loans and Scholarships Board database sharing NRC numbers with another nine students on the CBU database, thirty-eight students were found with wrong National Registration Card numbers on the CBU database, one student was found on the Higher Education Loans and Scholarships Board database as having been awarded a student loan but opted to take up the offer at the University of Zambia (UNZA). Seven students were awarded student loans but did not take up the offers.

Committee's Observations and Recommendations

The Committee remains concerned at the poor records management at the Higher Education Loans and Scholarships Board, which has resulted in a number of audit queries. The Committee repeats its recommendation that the Government should closely supervise the Higher Education Loans and Scholarship Board to ensure that there is prudent management of funds meant for student loans at the Higher Education Loans and Scholarships Board.

The Committee further urges the Controlling Officer to urgently implement the use of an identical identifier by both the University and the Board. The Committee will await a progress report on the matter.

- **Students Paid Accommodation Refunds Despite Being Accommodated - K655,000**

The Controlling Officer submitted that the Higher Education Loans and Scholarships Board was in the process of recovering the overpaid accommodation refunds from the continuing students by withholding part of their subsequent meal allowances in the 2018/2019 academic year. Recoveries from students who had since graduated would be added to the loan repayment. A letter had been written to the University Management requesting them to inform the affected students about the impending recovery of funds.

Committee's Observations and Recommendations

The Committee observes with dismay the laxity exhibited by the officers at the Higher Education Loans and Scholarships Board in their performance of duties, which has resulted in the commission of serious irregularities. The Committee recommends that the Controlling Officer should take disciplinary action against the officers who authorised the payment of K655,000 to ineligible students, and further calls upon the Controlling Officer to expedite the recovery of the funds. The Committee will await a progress report on the matter.

- **Students Not Accommodated and Not Paid Accommodation Refunds**

The Controlling Officer submitted that the accommodation refunds were not paid because the University did not submit the schedule of the un-accommodated students. The University had been requested to ensure that comprehensive schedules were submitted in future. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is shocked and profoundly concerned at the failure by the Board to pay the eligible students their accommodation refunds. This is an indication of lack of concern by CBU and the Higher Education Loans and Scholarships Board over the plight of the students who failed to secure accommodation. Further, the irregularity confirms the laxity

of the officers at the Higher Education Loans and Scholarships Board, and the University in their performance of duties. The Committee recommends that arrangements should be made to pay the refunds to the eligible students without further delay and that the Controlling Officer should institute disciplinary action against the officers who caused the irregularity. The Committee will await a progress report on the matter.

- **Students Invoiced But Not on Students Uploads**

The Controlling Officer stated that all the 210 students were part of the 8173 students on the provisional list which the CBU used when billing, provided that the students had been registered with the University. However, the students needed to be screened by the Higher Education Loans and Scholarships Board before being put on the Bursaries Committee's database. The University, therefore, invoiced correctly as all the 210 students were part of the students awarded loans by the Higher Education Loans and Scholarships Board.

Committee's Observations and Recommendations

The Committee resolves to close the matter subject to audit verification of whether the 210 students had been included on the students uploads and the general observation and recommendation on page 196 on the failure to provide information to auditors.

- **Students Not on University Bills But Paid Meal Allowances - K8,428,113**

The Controlling Officer submitted that the students were not identified on the University's database due to the use of different student identifiers from those used by the Higher Education Loans and Scholarships Board. A reconciliation conducted revealed that all the 3,782 students were part of 8,173 students on the provisional list which the Board used when paying meal allowances. The Controlling Officer stated that the University and the Board would, henceforth, be using both the National Registration Card number and the Student's computer number to identify students.

Committee's Observations and Recommendations

The Committee requests the Controlling Officer to provide evidence to the Auditor General that the payments were made to the intended students; and not ghost students. The Higher Education Loans and Scholarships Board and the University should further urgently implement the use of a common method of student identification. The Committee will await a progress report on the matter.

e. The University of Zambia

- i. **Over Billing to Government – K71,082,937**

The Controlling Officer submitted that a reconciliation conducted revealed that out of the 3,568 students in question, 3,564 were verified to be appearing on the Higher Education Loans and Scholarships Board's database. Out of the 3,564 students, sixteen did not meet the registration threshold by the end of the academic year and, therefore, failed to screen with the Higher Education Loans and Scholarships Board. The remaining four students were confirmed to be genuine cases of overbilling amounting to K70,790. The University had been notified of the intention to recover from the next payment. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and strongly recommends that both the University and the Higher Education Loans and Scholarships Board should always maintain updated students' records and only transact based on reconciled records. The Controlling Officer is also urged to ensure that the overbilled amount of K70,790 is recovered from the University of Zambia (UNZA). The Committee awaits a progress report on the matter.

ii. Students Paid Accommodation Refunds Despite Being Accommodated – K2,581,975

The Controlling Officer informed the Committee that out of the 1,980 students, 1,932 were accommodated by UNZA, representing a total refund of K2,471,837.50. The remaining forty-eight students were not accommodated and were not billed accommodation fee on the invoice sent by UNZA to the Higher Education Loans and Scholarships Board. Therefore, a total of K110,137.50 in respect of accommodation refunds to the forty-eight students was correctly paid. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee observes with dismay the laxity exhibited by the officers at the Higher Education Loans and Scholarships Board in their performance of duties, which has resulted in these serious irregularities. The Committee recommends that the Controlling Officer should take stern disciplinary action against the officers who authorised the payment of K2,471,837.50 to ineligible students, and further calls upon the Controlling Officer to effect the recovery of the funds immediately. The Committee will await a progress report on the matter.

iii. Students Not on University Bills but Paid Meal Allowance - K19,503,068.45

The Controlling Officer explained that the apparent discrepancy was due to the fact that the Higher Education Loans and Scholarships Board used National Registration Card numbers, whilst the University used students' computer numbers to identify the same students. The Controlling Officer stated that a reconciliation exercise was conducted and the following was established:

- i) the reported 3,864 students related to the number of payment transactions made to students reported to have been paid meal allowance despite not appearing on the list of students on University invoices. There were 630 students with more than one payment transaction;
- ii) the number of unique students' records is 3,234, and out of these, 2,815 students were on the UNZA invoice; and
- iii) the remaining 419 student records were not included on the invoice but were recognised as duly registered students of UNZA. This meant, therefore, that there was under billing by the University.

The Controlling Officer stated that UNZA and the Higher Education Loans and Scholarships Board would, henceforth, be using both National Registration Card numbers and students' computer numbers as student identifiers in their databases.

Committee's Observations and Recommendations

The Committee requests the Controlling Officer to provide evidence that the payments were made to the intended students and not ghost students. The Higher Education Loans

and Scholarships Board and the University should further implement the use of a common method of student identification. The Committee will await a progress report on the matter.

Committee's General Observations and Recommendations

The Committee is greatly concerned over the fact that officers at the Higher Education Loans and Scholarships Board do not appear to take the work of the Auditor General seriously. As a result, they failed or neglected to provide explanations to the auditors at the time of audit. Further, it appears that action was only taken over these issues after the queries were raised. In light of the above, the Committee recommends that the Controlling Officer should put preventive measures in place to ensure that similar lapses do not occur in future. Further, the Controlling Officer should take disciplinary action against all officers who failed to provide information to the Auditor General at the time of audit. In addition, the Committee recommends that the Controlling Officer should submit all documentation relating to the responses to the Auditor General for verification.

The Committee further observes that the Higher Education Loans and Scholarships Board, UNZA and CBU are inadequately supervised in relation to the implementation of the bursaries scheme. This has resulted in the commission of very serious irregularities such as failing to pay students who are not accommodated their accommodation refund. The Committee recommends that the Secretary to the Treasury should take keen interest in the performance of the Controlling Officer and take measures to correct the situation where failure and lapses are evident with regard to the operations at the Higher Education Loans and Scholarships Board and the two Universities.

The Higher Education Loans and Scholarships Board has also failed to maintain records of students *vis a vis* the bursaries scheme. The Committee urges the Secretary to the Treasury to take disciplinary action against the Controlling Officer for the failure to maintain proper records of students.

The Committee will await a progress report on these matters.

MINISTRY OF TOURISM AND ARTS

AUDIT QUERY	:	PARAGRAPH 40
UNIT	:	Various
PROGRAMME	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

35. An examination of financial and other records maintained at the Ministry carried out from May to July, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Unsupported Payment Vouchers - K238,997

The Controlling Officer informed the Committee that the delay in attaching the supporting documents was due to the changed system implemented under the Integrated Financial Management Information System (IFMIS) from cheque payment system to Electronic Funds

Transfer Advice (EFTA). Under the previous system, vendors would produce receipts at the time of collecting the cheques, whereas, under the latter system funds were directly sent to vendors' bank accounts, and then physical follow ups were made for receipts and delivery notes. However, the office of the Accountant General had noted the system deficiency and had enhanced the system to cater for generation of transmission slips to confirm payment settlement. The transmission slips helped in following up receipts and other documents from the vendors. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to adhere to the provisions of the Financial Regulations No. 45(2) and No. 52(1) at all times, and ensure that the query on unsupported payment vouchers does not recur following the enhancement of the system. The Committee resolves to close the matter subject to audit verification.

b. Former Zambia Wildlife Authority Officers not Integrated into the Main Stream Civil Service

The Controlling Officer informed the Committee that the situation of the former Zambia Wildlife Authority (ZAWA) officers arose as a result of the transformation of ZAWA into the Department of National Parks and Wildlife under the Ministry of Tourism and Arts. The Controlling Officer stated that he acknowledged the non-integration of the ZAWA officers into the main stream civil service as observed by the Auditor General. Concerning the payment of salary advances to the officers, the Controlling Officer explained that the Ministry of Tourism and Arts obtained authority from the Ministry of Finance to pay salary advances, in amounts totalling K1,250,677, to the officers based on the ZAWA conditions of service. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is deeply concerned at the delayed integration of the former ZAWA officers into main stream civil service and fails to understand the cause of the delay. The Committee is of the view that the Government risks litigation on this matter. The Committee, therefore, recommends that the Government should integrate the former ZAWA officers forthwith. The Committee will await a progress report on the matter.

c. Unaccounted for Stores - K12,039

The Controlling Officer submitted that the failure to account for the stores was due to the untimely demise of one of the officers who was responsible for stores during the time of Audit. The Ministry, through the Procurement Unit, had since reassigned an officer from the Department of National Parks and Wildlife to fill the vacancy. Further, all the missing documents had been traced and were available for verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that there is always continuity of operations in order to avoid disruption of services. The Committee resolves to close the matter subject to audit verification.

d. Unexplained Excess Expenditure - K333,155

The Controlling Officer explained that the Ministry of Tourism and Arts inherited the Grant-Aided Institutions tabulated below, which were previously under the Ministry of Chiefs and

Traditional Affairs. The Budget lines for these institutions were still under the Ministry of Chiefs and Traditional Affairs. In the course of the year under review, the Treasury released funding, for mausoleum works, to the Ministry of Chiefs and Traditional Affairs. The Ministry of Chiefs and Traditional Affairs then notified the Ministry of Tourism and Arts about the funding and requested the Ministry to disburse the funds pertaining to the same mausoleum works, since the funds were sitting centrally at the Treasury Single Account (TSA).

As a corrective measure, the institutions had since been budgeted for under the Ministry of Tourism and Arts and the expenditure for 2018 had been captured on the appropriate budget lines.

Srl	Institution	Cheque No.	Amount	Source of Funding
1	National Museum Board	419	109,500.00	Funded by Ministry of Chiefs for the Mausoleums works
2	National Arts Council	420	179,670.00	Funded by Ministry of Chiefs for the Late Pres. Sata memorial
3	National Heritage Conservation	427	213,950.00	Funded by Ministry of Chiefs for the Mausoleums works
4	National Arts Council	463	102,901.70	Funded by Ministry of Chiefs for the Mausoleums works
	Total		606,021.70	

Committee's Observations and Recommendations

The Committee takes strong exception at the failure by the Controlling Officer to utilise the prescribed procedure to regularise this expenditure. The Committee recommends that the Secretary to the Treasury should strongly caution the Controlling Officer for this omission. In addition, the Committee directs that all relevant documentation should be submitted to the Auditor General for verification, subject to which the matter should close.

e. Irregular Repair of Motor Vehicles

The Controlling Officer submitted that the Ministry resorted to using private garages because authorised dealers had stopped accepting the Ministry's vehicles for repairs and service on account of outstanding bills during the period under review. Furthermore, the franchise holders were asking for cash payment, which apparently was difficult given the funding constraints at the time. The Controlling officer added that most of the vehicles were aged over five years, and taking them to franchise dealers was more costly than alternative private garages.

The authority for taking the twenty-four motor vehicles for repair to private garages was granted as per documentation submitted and made available for audit verification.

Committee's Observations and Recommendations

The Committee sternly warns the Controlling Officer against approving activities that may result in irregularities and urges him to obtain necessary clearance from the Secretary to the

Treasury where he is not sure. The Committee resolves to close the matter subject to audit verification.

f. Failure to Avail Non - Current Asset Register

The Controlling Officer explained that before the transformation of ZAWA, the asset register was kept in the Sun System software package, which had a module for asset registers. After the transformation, the software licence was not renewed. As a result, the Ministry started to update the asset register manually. At the time of audit the register was still being updated. The Controlling Officer stated that the Ministry of Tourism and Arts, in collaboration with the Ministry of Works and Supply, had embarked on updating the current asset register country wide and eight provinces had been completed. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the completion of the updating of the current asset register.

General Observations and Recommendations

The Committee has noted with disappointment yet again, that the Ministry failed to provide information to the auditors at the time of audit on many occasions. This is unacceptable as a number of queries could have been resolved at that level, had the relevant information been provided to the auditors. The Committee, therefore, reiterates that the Controlling Officer should take disciplinary action against all the officers who failed to provide information to the auditors, without fail.

The Committee awaits a progress report on the matter.

MINISTRY OF DEFENCE – HEADQUARTERS

AUDIT QUERY	:	PARAGRAPH 41
UNITS	:	Various
PROGRAMME	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

36. An examination of accounting and other records maintained at the Ministry Headquarters, Defence Services Commands, Maina Soko Military Hospital and Staff Colleges and physical inspection of selected projects carried out in March, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to obtain Authority to Retain Funds – Maina Soko Military Hospital – K1,304,589

The Controlling Officer submitted that it was regrettable that the Ministry failed to obtain authority to retain funds. However, the Ministry of Finance had been written to, requesting the Treasury to grant retrospective authority.

He further submitted that a letter was also written to reprimand the Commandant to adhere to the Financial Regulations and *the Public Finance Management Act, No. 1 of 2018*.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to desist from violating the Financial Regulations and *the Public Finance Management Act, No. 1 of 2018*, with impunity. The Committee finds it unacceptable that the Controlling Officer is attempting to rely on a non-existent provision of seeking for Treasury Authority in retrospect. The Committee, therefore, urges the Controlling Officer to be conscious of the provisions of the *Public Finance Management Act, No. 1 of 2018*. The Committee, however, resolves to close the matter.

b. Unretired Accountable Imprest – K50,481

The Controlling Officer submitted that the observation regarding unretired accountable imprest was acknowledged and regrettable. However, the imprest amounting to K50,481 had since been retired and the matter was closed on Minute No. OAG/101/94/13 at Status Report stage.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

c. Irregular use of Imprest for Procurement of Goods – Defence Services Command and Staff College – K59,345

The Controlling Officer submitted that this arose as a result of an urgent need to procure goods and services for operation tasks at the time when the institution had not received funding for operations.

However, the Commandant had been reprimanded for not adhering to Financial Regulation No 86 (c).

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to desist from trivialising the repercussions of financial misconduct. The Committee observes that the Controlling Officer is not making any efforts to replace the misapplied funds to avoid departure from the approved budget. The Committee, therefore, urges the Controlling Officer to ensure that funds meant for the procurement of goods and services for operation tasks, once released, are spent accordingly. The Committee also urges him to always seek Treasury Authority each time there is need to vary the use of funds. The Committee will await a progress report.

d. Unsupported Payments – Maina Soko Military Hospital and Defence Services Command and Staff College K327,008

The Controlling Officer submitted that at the time of audit, the documentation was not in place due to misfiling of the same. However, the documentation was available for audit verification. The Committee was informed that as a way forward, staff had been attached to the Unit to ensure that there was smooth retrieval of information as and when required.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to avail documents to auditors at the time of audit. However, the Committee recommends the matter for closure subject to verification of available documents.

e. Non Recovery of Tuition and Salary Advances – K89,000

The Controlling Officer submitted that this arose as a result of system challenges at inputting stage. However, recoveries in respect of tuition and salary advances in amounts totalling K89,000 paid to four officers were effected.

Committee’s Observations and Recommendations

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

f. Failure to Follow Procurement Procedures – K212,239

The Controlling Officer submitted that renovations and procurement of buildings materials for Heroes Stadium was initially allocated to Ministry of Sport, Youth and Child Development. However, they could not manage to attend to the highlighted problems, hence the decision was made to transfer the activity to Ministry of Defence. He also submitted that the country was given a period of two weeks to attend to the issues raised. As a result, the Ministry, through Zambia National Service (ZNS), did the procurements through Force Accounting. These procurements were done at intervals as and when the need arose because no Bills of Quantity (BOQs) were prepared for the final fixtures at the Heroes Stadium. These particular procurements were for the assorted paints and lighting accessories required to enable personnel to work in the night as the deadline for the start of the games was near.

Committee’s Observations and Recommendations

The Committee sternly cautions the Controlling Officer to desist from violating procurement procedures with impunity. The Committee also urges the Controlling Officer to take disciplinary action against officers who approved the irregular procurements. The Committee will await a progress report on the matter.

g. Failure to Utilise X-ray Machine –Maina Soko Military Hospital

The Controlling Officer submitted that the delay in assessing the X-ray machine by the Radiation Protection Authority caused the delay in its use. However, the machine was in use after engaging the Radiation Protection Authority, and it was available for audit inspection

Committee’s Observations and Recommendations

The Committee recommends the matter for closure subject to verification.

MINISTRY OF DEFENCE – ZAMBIA ARMY

AUDIT QUERY	:	PARAGRAPH 42
UNITS	:	06 Administration Branch
	:	07 Operations and Training Branch
	:	08 Logistics Branch
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

37. An examination of accounting and other records and visits to selected units carried out from February to April 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Procurement of Fifteen Second Hand Saloon Toyota Crowns – K2,400,000

The Controlling Officer submitted that the delayed delivery of five vehicles arose because the initial delivered vehicles had wrong specifications which were subsequently returned to the supplier. However, after engagement by the Ministry, the supplier had since supplied the remaining five vehicles and the vehicles were in the custody of the Zambia Army. Correspondence to this effect was available for audit verification.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

b. Procurement of an Ambulance - K952,018

The Controlling Officer submitted that on 9th October, 2017 the supplier was paid an advance of K238,005 against the contractual sum of K952,018. As at 31st July, 2018, the ambulance had not been delivered and a decision was made to terminate the Contract. In that regard, the Committee was informed that the supplier had refunded the amount of K238,005.

Committee’s Observations and Recommendations

The Committee finds the handling of this contract unacceptable and calls for proper valuation of suppliers to avoid recurrence of similar irregularities in future. It resolves to await a progress report on the procurement of an ambulance which is still outstanding but requests the Auditor General’s office to verify the refund.

c. Failure to Equip Borehole – K39,000

The Controlling Officer submitted that the contract had been signed for the second phase with CYCAD Trading whose scope of works was as follows:

- equipping of the borehole.
- completion of the control panel.
- construction of an overhead water reservoir of capacity 20,000 litres.
- construction of two water kiosks in Apollo Compound for water dispensing.

He further submitted that the contractor had since moved on site and intended to complete the works by 30th November, 2018.

Committee’s Observations and Recommendations

The Committee resolves to await a progress report on the works in the second phase of the contract.

d. Failure to Inscribe Furniture and Equipment – K1,391,134

The Controlling Officer submitted that the Ministry of Defence had continued to engage the Ministry of Works and Supply, so that the furniture and equipment was inscribed.

Committee’s Observations and Recommendations

The Committee urges the Ministry of Works and Supply to expeditiously inscribe furniture and equipment for the Ministry of Defence. It will await a progress report on the matter.

MINISTRY OF DEFENCE – ZAMBIA AIR FORCE

AUDIT QUERY	:	PARAGRAPH 43
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

38. An examination of accounting and other records maintained at the Zambia Air Force (ZAF) Headquarters and physical inspections of selected sites carried out during the period from April to August, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Lack of Title Deeds for Properties

The Controlling Officer submitted that procedural delays in the process of title acquisition were what caused for lack of title deeds for properties. The Zambia Air Force was still in the process of securing Certificates of Title for all its land and immovable property.

He further submitted that although the process was clearly defined, each property had its own unique attributes or encumbrances that had to be cleared with various stakeholders.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that Certificates of Title for the Zambia Air Force properties are acquired without any further delay, The Committee will await a progress report.

b. Rehabilitation of Junior Ranks Club – Chandamali

The Controlling Officer submitted that the Ministry of Works and Supply was engaged through the Ministry of Defence Headquarters to assist in the rehabilitation of Chandamali.

In that regard, some works had been undertaken by Zambia Air Force on the structures to prevent additional deterioration.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all the critical renovations are undertaken on the property, in order to make it usable. The Committee will await a progress report.

c. Non - Air Force Properties in the ZAF Livingstone Base

The Controlling Officer submitted that the ZAF Livingstone Air Base was co-located with Harry Mwanga Nkumbula International Airport. Zambia Airports Corporation Limited (ZACL) held the title for the whole land. Meetings had been arranged by the two institutions with a view to subdividing the land for ease of management and future expansion.

The Committee was informed that Puma Filling Station had an independent Certificate of Title, as well as a separate water and electricity account for utilities. However, it had an easement road that passed through the Base to the bulk fuel installation and offices.

In addition, the 2 x 3 block of flats that accommodated Zambia Police Officers were public property and the officers who occupied those houses were deployed for security at the International Airport.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to pursue the option of requesting for subdivision of land for ease of management and future expansion. The Committee will await a progress report.

MINISTRY OF DEFENCE – ZAMBIA NATIONAL SERVICE

AUDIT QUERY	:	PARAGRAPH 44
UNIT	:	08 Land Development Branch
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

39. An examination of accounting and other records maintained at the Zambia National Service (ZNS) Headquarters and selected stations carried out during the period from January to April 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Infrastructure Development

i. Construction of the Third Workshop at ZNS Chishimba Youth Skills Training Centre – Lots 1 and 2 – K616,668

The Controlling Officer submitted that on 30th August, 2018, New Era Zambia Limited was engaged to redo the shortfalls. The contractor was on site to rectify the shortfalls. As at 12th October, 2018, the contractor completed working on the shortfall. To this effect, the Committee was informed that the Certificate of Completion had since been issued.

Committee's Observations and Recommendations

In noting the response, the Committee expresses concern that no mention has been made on the recoveries or any remedial measure with regard to over payment of K8,320. The Committee, therefore, urges the Controlling Officer to institute disciplinary action against the officers responsible for this overpayment and recover the amount. Further, the Committee urges the Controlling Officer to ensure that the works reported to have been undertaken are verified. The Committee will await a progress report.

ii. Failure to Deliver Paid for Fuel, Senanga – K191,207

The Controlling Officer submitted that this arose due to a dispute over the withheld Value Added Tax, resulting in the filling station withholding the supply of fuel. The issue was later clarified by Zambia Revenue Authority. In this regard, the undelivered fuel had since been delivered and disposal details were available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed that this information was not provided at the time of audit. It therefore urges the Controlling Officer to take disciplinary action against the officers who failed to provide the information. The Committee will await a progress report on the matter.

iii. Lack of Title Deeds – Nyumba Yanga Flats – K113,218

The Controlling Officer submitted that the above arose due to failure by the National Housing Authority to provide documents to enable Zambia National Service complete the process of conveyance and subsequently obtain the Title Deeds.

The Committee was informed that ZNS owned eight flats located on S/D 3039 of Stand No. 9812 in Nyumba Yanga. However, the Zambia National Service had on several occasions written to National Housing Authority and orally engaged them to release the necessary documentation to enable them process the conveyance and subsequently obtain Title Deeds, but nothing had been availed.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer in the Ministry of Housing and Infrastructure Development to facilitate the release of documentation by the National Housing Authority, without further delay. The Committee urges the Controlling Officer, Ministry of Defence, to follow up the matter vigorously and render a progress report on the matter. The Committee will await a progress report.

MINISTRY OF GENERAL EDUCATION – RECURRENT DEPARTMENTAL CHARGES AND CAPITAL EXPENDITURE

AUDIT QUERY	:	PARAGRAPH 45
DEPARTMENTS	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

40. An examination of financial and other records maintained at the Ministry carried out from January to June, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Treasury Single Account Transactions

i. Lack of Transmission Slips and Feedback on Treasury Single Account Transactions

The Controlling Officer explained that the lack of transmission slips was due to the lapses in internal control measures. However, the Ministry of Finance (Cash Management Unit) was requested for an electronic copy of the bulk transmission slips, and samples of the slips had been printed. As a way forward, the Ministry would ensure that open items that were paid were backed by transmission slips. The slips were printed by the Ministry of Finance on request, on a daily basis. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response, and is particularly concerned at the explanation that the omission was as a result of lapses in internal control measures. On that basis, the Committee recommends that the Controller of Internal Audit should, forthwith, strengthen the Internal Audit Unit in the Ministry of General Education. It is envisaged that the Unit would then ensure that internal control measures are enhanced.

The Committee further urges the Controlling Officer to ensure that transactions on the Treasury Single Account (TSA) are conducted in accordance with the provisions in Circular No. 5 of 2015. The Committee awaits a progress report on the matter.

ii. Weaknesses in Salary and Tuition Advances Management

The Controlling Officer submitted that although the matter had been reported as outstanding by the Auditor General, the supporting application forms were submitted and reviewed during the audit management process. The Controlling Officer further submitted that recoveries of salary and tuition advances from the affected officers were effected. The payslips were available for audit verification.

In addition, the ledgers and registers to account for all tuition and salary advances had been put in place.

Committee's Observations and Recommendations

The Committee notes the response. However, following the confirmation from the Auditor General that the Controlling Officer did not submit the application forms during the audit management process as he was claiming, the Committee cautions the Controlling Officer for misrepresenting the facts and for the omission. The Committee further recommends that the Ministry should enhance the internal control measures. In addition, the Controlling Officer is directed to ensure that the officers responsible for salary and tuition advances management comply with the relevant guidelines and rules related to the management of salary and tuition advances. In addition, the Controlling Officer should take disciplinary action against the officers who failed to avail the relevant documents to the auditors at the time of audit and who attempted to mislead the Committee by misrepresenting facts in this matter. The Committee awaits a progress report on the matter.

iii. Weaknesses in the Cashier's Account

- **Irregular Use of Imprest Account**

The Controlling Officer submitted that Management had since restricted the use of the account to the intended purpose. Further, all payments to officers for field assignments were being processed through the Treasury Single Account (TSA), by crediting individual officers' accounts directly.

Committee's Observations and Recommendations

The Committee notes the response and cautions the Controlling Officer for the omission. The Committee further directs the Controlling Officer to ensure that the account in question is strictly used for the intended purpose as an accountable imprest account, and

to take disciplinary action against the officers who irregularly used the imprest account. The Committee resolves to await a progress report on the matter.

- **Unsupported Payments**

The Controlling Officer submitted that the irregularity was caused by poor records management in the cashiers' office. Four cashiers were charged for the failure to acquit records for the funds as stipulated in the Financial Regulations. In addition, recoveries in amounts totalling K2,323,277 had been effected.

The Controlling Officer further informed the Committee that an officer independent from the cashiers had been attached to the cashiers' office on a permanent basis, to assist with record keeping, and attaching of supporting documentation. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee is of the view that the transactions are indicative of fraudulent activities and, therefore, recommends that the Controlling Officer reports the matter to the relevant investigative wings. Further, based upon his own revelation that there is poor record management in the cashiers' office, the Committee recommends that the Controlling Officer should take serious measures to improve records management in the cashiers' office in order to ensure that all relevant documents are secured and produced when required. The Committee awaits a progress report on the matter.

- **Lack of Expenditure Details**

The Controlling Officer submitted that the irregularity was caused by poor records management in the cashiers' office. The Ministry had decided to effect recoveries from the officers who failed to avail the activity reports. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken. The Committee, however, contends that the failure to avail the relevant expenditure details could be an indication of potential misappropriation of public funds. The Committee, therefore, recommends that the Controlling Officer should put measures in place to enhance internal controls. The Committee further urges the Controlling Officer to institute disciplinary action against the officers responsible for the query. The Committee will await a progress report on the matter.

- **Irregular Payment of Allowances - K30,000, K8,000, K126,000**

The Controlling Officer submitted that the Ministry had effected recoveries from the officers concerned, who irregularly paid themselves allowances amounting to K30,000 and K8,000, purporting to be working out of town and working over the weekends, respectively. Supporting documentation was available for audit verification.

With regard to the K126,000 that could not be accounted for properly due to discrepancies between the approved and actual number of days claimed by the officers, the Controlling Officer informed the Committee that there was a subsequent amendment to the programme and the budget for the activity. Further, authority was sought and

granted, for the variation of the programme as long as it was within the original approved amount of K126,000. The approval was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and calls upon the Controlling Officer to institute stern disciplinary action against the officers involved and those who authorised the irregular payments relating to the K30,000 and K8,000, contrary to the well-known guidelines and rules on the payment of allowances.

Further, while noting that approval was granted with regard to the issue of the irregularities surrounding the K126,000, the Committee is disappointed that the information was not availed to the auditors and, therefore, calls on the Controlling Officer to mete out disciplinary action against the officers who failed to avail the information to the auditors.

The Committee will await a progress report on the matter.

- **Questionable Receipts Used to Retire Imprest**

The Controlling Officer informed the Committee that the officers concerned failed to obtain and submit both till slips and hand written receipts generated by the supermarkets, thereby causing the query. The Ministry had since effected recoveries and records were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken and recommends that the Controlling Officer should go further to institute disciplinary action against the officers concerned. The Committee awaits a progress report on the matter.

b. Payments for Administrative Costs

- i. **Unsupported Fuel Cost and Allowance Payments**

The Controlling Officer submitted that the irregularity was caused by poor records management in the cashiers' office. He stated that out of K11,308,449, an amount of K6,592,950.09 had been traced, leaving a balance of K4,715,498.91. The final validation of the documents was underway.

The Controlling Officer further informed the Committee that an officer independent from the cashiers had been attached to the cashiers' office on permanent basis, to assist with record keeping and attaching of supporting documentation. Supporting documents on the attachment of an independent officer to the cashiers' office were available for audit verification.

Committee's Observations and Recommendations

The Committee notes that the Controlling Officer has not provided documentary evidence to support his submission that an amount of K6,592,950.09 had been traced, leaving a balance of K4,715,498.91. The Committee, therefore, requests the Controlling Officer to submit documentary evidence to the Auditor General for verification. The Committee awaits a progress report on the matter.

ii. **Payments of Allowances not in line with Approved Budgets - K9,006,173**

The Controlling Officer submitted that an analysis of the amount of K9,006,173 revealed that documents in amounts totalling K4,634,252.32 were reconciled and were available for verification. The documents relating to the balance of K4,373,966,920.83 were yet to be reconciled.

Committee's Observations and Recommendations

The Committee recommends that appropriate disciplinary action should be taken against the officers who approved the payment of allowances that were not in line with the approved budget. Further, the Committee urges the Controlling Officer to direct the officers involved in the payment of allowances to desist from disregarding the guidelines and laid down procedures on the payment of allowances. The Committee awaits a progress report on the matter.

iii. **Failure to Avail Activity Reports**

The Controlling Officer submitted that an analysis of the amount of K8,228,190 revealed that documents in amounts of K5,360,471.75 were traced and were available for verification. The reports relating to the balance of K2,867,274.95 were yet to be traced.

The Controlling Officer further informed the Committee that the Ministry was undertaking a vigorous re-organisation of staffing and systems in the wake of the disciplinary actions which resulted in staff suspensions and summary dismissals. The Ministry had further put in place a backup system to multi-file activity reports. The Ministry would effect recoveries in the month of January, 2019, on the balance of K2,867,274 from the officers concerned.

Committee's Observations and Recommendations

The Committee contends that the failure to avail activity reports to auditors is as a result of the reports not being available since the public funds were possibly misappropriated and not used to undertake the approved activities. The Committee finds this state of affairs unacceptable and urges the Controlling Officer to urgently strengthen the internal controls so as to avoid recurrence. The Controlling Officer should further institute disciplinary action against all officers who failed to produce activity reports. The Committee is also unhappy that the Controlling Officer is undertaking to effect recoveries only in January 2019. The Committee wishes to remind the Controlling Officer that the Financial Regulations have clear provisions on the time frame for commencement of recoveries in such cases and reiterates the need for the Controlling Officer to ensure adherence to these provisions at all times. The Committee awaits a progress report on the matter.

c. **Overpayment of Subsistence Allowances - K231,550**

The Controlling Officer submitted that the rates applicable to the Provincial headquarters were used instead of the rates applicable to other locations, as officers who did the budget compilation misdirected themselves.

The Controlling Officer stated that the Ministry had effected recoveries on amounts paid above entitlements and the payslips were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken and urges the Controlling Officer to institute disciplinary action against all the officers who approved the overpayment of subsistence allowances, contrary to the provisions in the Public Service Management Division Circular No. B21 of 2016. The Committee awaits a progress report on the matter.

d. Irregularities in the Payment of Fuel Imprest - K96,817, K449,702, K103,277

The Controlling Officer submitted that the payment vouchers for fuel imprest in amounts totalling K96,817 had been erroneously misfiled at the time of audit, resulting in failure by the Auditor General to ascertain the distances covered. However, the documents had been found and were available for verification.

Regarding the fuel imprest in amounts totalling K449,702, the Committee was informed that the Ministry had reviewed the documents relating to the payment of fuel imprest. The cited officers were cautioned and directed to substantiate all cited omissions. Supporting documents were available for audit verification.

The Controlling Officer further submitted that the Ministry had effected recoveries from the officers responsible for the irregularities relating to the overpayment of fuel imprest in amounts totalling K103,277. The pay slips were available for verification.

Committee's Observations and Recommendations

The Committee expresses disappointment at the failure by the Ministry to manage the fuel imprest in a prudent manner. In this regard, the Committee recommends that the Controlling Officer should take disciplinary action against all the erring officers, including those who approved the irregular payments. The Controlling Officer should further put measures in place that will ensure that fuel imprest is managed in accordance with Cabinet Office Circular No. B7 of 2012 and B23 of 2012. Further, the Controlling Officer should ensure that all documents are submitted to the Auditor General for verification. The Committee awaits a progress report on the matter.

e. Payment in Excess of the Approved Amount

- **Audit and Inspection of Infrastructure Projects**

The Controlling Officer submitted that the overpayment was caused by a computational error in the budget which should have had a grand total of K521,328 instead of K373,170. The computational error resulted in an underestimation of the envisaged budget by K148,068. The K148,068 was what had been cited as an overpayment by the Auditor General.

The Controlling Officer further submitted that approval for the payment of the underestimated amount of K148,068 was granted. However, the document on which the approval was granted was not availed to the auditors at the time of audit because it was misfiled.

The Controlling Officer stated that the Ministry would endeavour to ensure that such computational errors did not re-occur by ensuring that the payments being processed were checked for completeness and accuracy.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to put measures in place to guarantee the accuracy of payments and avoid similar queries in future. The Controlling Officer should further discipline the officers who failed to avail information pertaining to the approval at the time of audit. The Committee will await a progress report on the matter.

- **Audit of District Education Board Offices**

The Controlling Officer submitted that recoveries had been effected from the officers who overpaid themselves an amount of K2,950 over and above the K84,550 approved for audit of the DEB offices. The Controlling Officer stated that the Ministry would endeavour to ensure that such computational errors did not re-occur by ensuring that the payments being processed were checked for completeness and accuracy.

Committee's Observations and Recommendations

The Committee notes the response and recommends that the Controlling Officer should take disciplinary action against the erring officers who approved the overpayment. The Committee awaits a progress report on the matter.

f. Misapplication of Funds - K31,853,941

The Controlling Officer submitted that the Ministry had written to the Ministry of Finance requesting authority to vary the funds retrospectively. However, the authority had not been granted. Further, the erring officer who misguided the Ministry in borrowing the funds without authority had since been charged. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that prior authority to vary funds is always sought from the Secretary to the Treasury, when it is necessary. The Committee is alarmed that the Controlling Officer even attempted to seek retrospective authority when no such authority is provided for in the Financial Regulations. In this vein, the Committee calls upon the Secretary to the Treasury to take disciplinary action against the Controlling Officer for this serious anomaly. Furthermore, the Committee urges the Controlling Officer to ensure that the funds are reimbursed without further delay. The Committee awaits a progress report on the matter.

g. Unaccounted for Stores – K150,157

The Controlling Officer informed the Committee that the receipt and disposal details regarding the general stores had been retrieved and the records were available for audit verification.

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer to ensure that receipt and disposal details are secure and availed when they are required. The Committee further recommends that the Controlling Officer should take disciplinary action against the officers who failed to avail the documents to the auditors at the time of audit. The Committee awaits a progress report on the matter.

h. Failure to Disburse Early Childhood Grants

The Controlling Officer submitted that the schedules for disbursements were submitted to the Ministry of Finance for onward transmission to respective districts.

The Controlling Officer further submitted that due to the crash of the IFMIS from 29th January, 2018 to May, 2018, during the closure of accounts for the 2017 Financial Year, the Ministry was unable to reconcile the funds that were disbursed by the Ministry of Finance.

Committee's Observations and Recommendations

The Committee notes with dismay the failure to disburse the early childhood grants as per original budget. The Committee recommends that the Ministry should support the development of the early childhood learning subsector by ensuring that the funds budgeted for the subsector are disbursed in full. The Committee further urges the Controlling Officer to ensure that the funds that were not disbursed are reimbursed without further delay. The Committee awaits a progress report on the matter.

i. Supply of Maize above Contract Amount

The Controlling Officer submitted that the actual quantities of maize that were received by the Ministry from the Food Reserve Agency (FRA) were 18,865 metric tonnes. The Ministry received 6,234 metric tonnes of maize for term one of 2017, which actually came through the Disaster Management and Mitigation Unit (DMMU). In addition, the Ministry received 6,016 metric tonnes of maize from the FRA for term two of 2017 and a further 6,616 metric tonnes of maize for term three of 2017.

The Controlling Officer further submitted that the demand notice of outstanding debt from the FRA indicated that 12,258 metric tonnes of maize were sent in 2016 and 18,601.90 metric tonnes of maize were sent in 2017, bringing the total quantity of maize received to 30,859.90 metric tonnes. The Controlling Officer stated that the differences were due to lack of reconciliation statements on the contract between the FRA and the Ministry.

The Controlling Officer informed the Committee that in view of the omissions, the Ministry had engaged the FRA to undertake a joint reconciliation of records. Further, the Ministry had paid K11,000,000 to the FRA in 2017. This was part payment to liquidate the debt for the maize supplied towards the School Feeding Programme. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to put in place measures to ensure regular reconciliations. Further, the Controlling Officer is directed to expedite the joint reconciliation of records between the Ministry and the FRA, in order to set the record

straight. The Controlling Officer should further mobilise funds to liquidate the debt to the FRA without further delay. The Committee will await a progress report on the matter.

j. Failure to Maintain Database of Orphaned and Vulnerable Children Funds

The Controlling Officer submitted that the reportedly undisbursed K8,705,766 was actually processed as a payment and submitted to the Ministry of Finance for onward remittance to the institutions managing the sponsorship of Orphans and Vulnerable Children (OVCs). The Controlling Officer further submitted that the OVCs' funds were given to the disadvantaged learners as per stipulated guidelines. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee recommends that the Ministry should maintain an updated database of OVCs who are eligible for sponsorship, in accordance with the stipulated guidelines. The database should be made available when required. The Committee awaits a progress report on the matter.

k. Failure to Reimburse Funds – Keeping Girls in School Programme

The Controlling Officer submitted that funds in amounts totalling K1,515,600 had since been reimbursed. 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 audit verification.

l. Overpayment to a Supplier of Musical Equipment

The Controlling Officer informed the Committee that the Ministry wrote to the supplier stating that arising from partial deliveries made by the supplier to the Ministry, a total of K41,930,030 was paid, resulting in an overpayment of K5,608,730.

The Controlling Officer stated that the Ministry demanded that the supplier immediately reimburse the overpayment to facilitate the reconciliation of the items contained in the contract. Subsequently, the supplier requested for a meeting with the Ministry. The Ministry insisted during the meeting that the funds be reimbursed but the supplier instead insisted that there was need to undertake a reconciliation of the transactions between the two parties to the contract.

The Ministry then demanded that as the matter was being reconciled, the amount be secured with a bond for advance payment, while the reconciliation was going on. Subsequently, the supplier through the appointed financial institution, Goldman Insurance Limited, made a commitment to furnish the Ministry with a bond in the equivalent amount of K5,608,730. However, it was noted by the Ministry that by 1st December, 2018, no bond had been availed by the supplier. The Ministry wrote to the supplier, once again, demanding a full refund and the delivery of the remainder of the equipment, by January, 2019.

The Controlling Officer further informed the Committee that the funding for the contract in question had been a challenge, to the extent that the Ministry had difficulties in meeting its obligations and other terms of the contract. The latest position was that the supplier had in

the recent correspondence intimated that they were committed to furnishing the bond and remained bound to the terms and conditions of the contract.

The Controlling Officer also submitted that the erring officers had since been charged for misdirecting the Office of the Controlling Officer on this matter. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is shocked at the revelation that a Ministry that purports to have challenges with funding for a contract can afford to overpay for the same contract. The Committee contends that this is a very serious irregularity and, therefore, recommends that the Secretary to the Treasury should investigate this case with a view to taking disciplinary action against the Controlling Officer. As the irregularity has resulted in loss of government funds, the Committee also calls for stiffer sanctions to be meted out against the officers who authorised the overpayment. The Committee awaits a progress report on the matter.

m. Delayed Procurement of Teachers' Guides and Learners Text Books – Phase III and IV

The Controlling Officer submitted that the delayed procurement of the teachers' guides and learners' text books was as a result of delayed funding by the Treasury. However, the Ministry had since procured the learning materials and the consignment had been delivered to the Ministry's warehouse. Further, the Ministry was in the process of commencing the distribution of the materials, though the distribution was dependent on the availability of funds to meet the costs for logistics.

Committee's Observations and Recommendations

The Committee finds it difficult to believe the Ministry's response in the absence of any evidence that the books have been procured. The Committee directs the Controlling Officer to avail documentary evidence to the Auditor General for verification, in support of the Ministry's position on the matter. The Committee awaits a progress report on the matter.

n. Failure to Avail Statement of Requirements for Zambia Education Projects Implementation Unit Projects

The Controlling Officer submitted that the details of the Statement of Requirements for the Zambia Education Projects Implementation Unit (ZEPIU) projects were not availed at the time of audit due to misfiling. The Controlling Officer stated that the documents were available for verification.

The Controlling Officer also stated that in view of the above omission, records management in the Ministry had been enhanced, with an independent registry officer managing the financial records depository.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to avail the Statement of Requirements to the Auditor General for verification rather than the distribution list tendered to the Committee. The Committee further recommends that the Controlling Officer should take disciplinary action against the officers who failed to keep proper financial records, and, therefore, could not avail the Statement of Requirements for Zambia Education Projects

Implementation Unit at the time of audit. The Committee will await a progress report on the matter.

o. Poor Maintenance of Records of the Procurement Process and Contract Management

The Controlling Officer submitted that the suppliers' ledgers for fourteen contracts which were not updated at the time of audit had since been updated, and were available for audit verification.

The Controlling Officer further submitted that a reconciliation of the two ledgers cited by the Auditor General as belonging to the same company was undertaken. The reconciliation revealed that the Ministry signed a contract with East African Publishers in March, 2015 to supply grade 1, 5, 8 and 10 text books at a contract sum of K4,105,934. A payment of K4,000,000 was made on 14th December, 2016, leaving a balance of K105,934.

The Controlling Officer explained that another contract totalling K10,309,866 was signed with the same contractor in August, 2017. This made the debt to be K10,309,866 plus the balance of K105,934. On 22nd November, 2017, an amount of K1,000,000 was paid against the total debt then of K10,415,800. Therefore, there was no over payment of K894,066. Further, another payment of K1,030,986.60 was made as an advance payment of 10 percent of the said contract sum. Supporting documentation was available for audit verification.

The Controlling Officer also submitted that the Ministry maintained suppliers' files where all supporting documents, authorities, and correspondence with suppliers were kept.

Committee's Observations and Recommendations

The Committee observes that the Controlling Officer has not provided documentary evidence in support of his responses except for evidence on the alleged overpayment of K894,066, contrary to the assertion in the responses that evidence was attached to the memorandum and was available for audit verification. The Committee further expresses displeasure as to why this information was not provided to the Auditor General at the time of audit. In this regard, the Committee recommends that Controlling Officer should take disciplinary action against all erring officers for failing to provide the information. The Committee further directs the Controlling Officer to present the said evidence to the Auditor General for verification. The Committee also urges the Controlling Officer to ensure that the Ministry maintains accurate records of all contracts and procurement processes. The Committee awaits a progress report on the matter.

p. Secondary School Infrastructure Development

i. Diversion of Refunded Infrastructure Funds

The Controlling Officer informed the Committee that the Ministry sought variation authority from the Treasury, which was not granted. The Controlling Officer further informed the Committee that the Ministry had charged the erring officers who misguided the Ministry in the borrowing of the funds without Treasury authority.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that prior authority to vary funds is always sought from the Secretary to the Treasury when necessary. Furthermore, the Controlling Officer should pursue the disciplinary process against the erring officers to its logical conclusion. The Committee further urges the Controlling Officer to ensure that the funds are reimbursed without further delay. The Committee awaits a progress report on the matter.

ii. Weaknesses in the Management of Infrastructure Projects

The Controlling Officer submitted that according to the General Conditions of Contract, project monitoring and inspection, and conducting of progress review meetings must be done monthly. However, due to budgetary constraints, monitoring of projects was done, at most, on quarterly basis. Because of the irregular inspection of projects, some irresponsible contractors carried out poor work. Despite that, all contractors were obligated by the contract to make good all poor work done, and a project manager was not expected to approve poor work for payment.

The Committee further learnt that the contract details that were not included in the monitoring reports had since been included.

Committee's Observations and Recommendations

The Committee contends that the management of infrastructure projects would be better handled by the Ministry responsible for infrastructure development, in collaboration with the client Ministry. The Committee, therefore, recommends that the Government should consider relieving the Ministry of General Education from the responsibility of undertaking the construction of education infrastructure as this is not within the Ministry's expertise and core business. The Committee further calls upon the Secretary to the Cabinet and Secretary to the Treasury to urgently address this concern in order to enhance management of infrastructure projects in the education sector. The Committee awaits a progress report on the matter.

MINISTRY OF GENERAL EDUCATION

AUDIT QUERY	:	PARAGRAPH 46
DEPARTMENT	:	Regional Headquarters, District Education Offices, Secondary Schools and Colleges
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

41. An examination of accounting and other records maintained at the Provincial Education Offices, District Education Board (DEB) offices, colleges, schools, and physical inspections of selected projects carried out during the period January to June, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Collect User Fees - K7,929,487

The Controlling Officer submitted that the failure to collect user fees was mainly as a result of the failure to settle user fees by some non-governmental organisations sponsoring learners in various schools across the country. Further, the learners could not be sent away from institutions of learning as that would be against the Government's policy of not sending away pupils from schools on account of failure to settle user fees.

The Controlling Officer stated that the Ministry had continued to encourage the various sponsors of learners to settle their respective outstanding user fees.

Committee's Observations and Recommendations

The Committee expresses disappointment at the Ministry's failure to collect user fees. The Committee is aware that revenue from user fees contributes to the smooth running of institutions and the effective provision of services. The Committee, therefore, recommends that the Ministry should do everything possible to collect the outstanding user fees, without sending learners away from school. The Committee further urges the Controlling Officer to ensure that the institutions concerned put measures in place to prevent the recurrence of the query. The Committee awaits a progress report on the matter.

b. Issuance of Receipts without Details - Mishishi Secondary School - Chinsali

The Controlling Officer informed the Committee that the Head teacher and the officer in question had been cautioned and charged on account of issuing receipts without details. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee contends that the issuance of receipts without proper narration of the details could be an indication of intentionally trying to cover up fraudulent transactions. However, the Committee notes the action taken by the Ministry and urges the Controlling Officer to counsel all head teachers to desist from committing such irregularities. The Committee resolves to close the matter subject to audit verification.

c. Failure to Maintain a General Revenue Cash Book - Namwala Secondary School

The Controlling Officer submitted that Namwala Secondary School had started maintaining the General Revenue Cashbook, and all entries during the period under review had been updated.

Committee's Observations and Recommendations

The Committee expresses disappointment that corrective action was only undertaken after the audit query. The Committee calls on the Controlling Officer to take disciplinary action against the officers responsible for the omission at Namwala Secondary School, and to direct management to enhance monitoring and internal controls so as to facilitate early detection of such irregularities. The Committee resolves to close the matter subject to audit verification.

d. Use of Revenue at Source – Vubwi Secondary School – K6,408

The Controlling Officer submitted that all the head teachers in Eastern Province had been cautioned to ensure that the stipulated guidelines on banking revenue were adhered to. The charge letter was available for audit verification.

Committee's Observations and Recommendations

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

e. Unaccounted for Revenue - K18,905

The Controlling Officer submitted that management had effected recoveries from the officer concerned at Chibote Secondary School, and the payslip was available for verification.

Committee's Observations and Recommendations

The Committee notes the action taken on the matter. The Committee urges the Controlling Officer to ensure that the officer is sensitised on the requirement to adhere to Financial Regulation No. 129 (1). Further, the Controlling Officer should institute disciplinary action against the erring officer. The Committee will await a progress report on the matter.

f. Unaccounted for Funds – Namwala Secondary School - K80,524

The Controlling Officer explained that the omission was largely due to sub-standard performance on the part of the officer responsible and the school management.

However, the management had since been replaced to restore order. In addition, disciplinary action had been instituted against the officers concerned. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes that there is new management in place at the school, and, therefore, urges the Controlling Officer to ensure that the new management institutes measures to prevent the recurrence of the many irregularities that have been committed at the school. The Committee further recommends that the funds must be recovered without fail. The Committee awaits a progress report on the matter.

g. Failure to Prepare Expenditure Ledgers – Namwala Secondary School

The Controlling Officer submitted that the omission was largely due to sub-standard performance on the part of the officer responsible and the management.

However, the School had started maintaining the ledgers and all the entries during the period under review had been updated.

Committee's Observations and Recommendations

The Committee is concerned that the failure to prepare expenditure ledgers may be deliberate, and could be a conduit for misappropriation of public funds. The Committee urges the Controlling Officer to ensure that, henceforth, the school maintains ledgers without fail. The Controlling Officer should further discipline the officers who failed to prepare the expenditure ledgers. The Committee awaits a progress report on the matter.

h. Failure to Provide Authority to Employ

The Controlling Officer submitted that the Office of the Sikongo District Education Board Secretary (DEBS) engaged two non-civil servants on oral contracts to help in cleaning, office management, and security, since the Office had no establishment for these positions at the time. The office felt that it was important to engage the two in order to have smooth operations.

The Controlling Officer further submitted that in the new proposed structure for the Office of the DEBS, a provision was made for the recruitment of an office orderly and a security guard.

The Controlling Officer stated that copies of the oral contract of service and minutes of the District Appointment, Promotion and Transfer Committee meeting held on 8th January, 2016, and authority to employ on temporary basis were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the Controlling Officer's response on the matter. The Committee recommends that the Controlling Officer should take disciplinary action against the DEBS for failing to provide the authority used to employ to the auditors at the time of audit. The Committee will await a progress report on the matter.

i. Missing Payment Vouchers - K639,557

The Controlling Officer submitted that out of the missing payment vouchers in amounts totalling K639,557, payment vouchers in amounts totalling K182,270 under Chirundu District were before the law enforcement agencies. Regarding the missing payment vouchers under Namwala Secondary School, in amounts totalling K457,287, the payment vouchers in amounts totalling K372,067.79 had been found. The remaining payment vouchers in amounts totalling K85,220 were still missing.

Committee's Observations and Recommendations

The Committee is dismayed at the persistent failure to adhere to Financial Regulations in schools. The Committee, particularly, notes that Namwala Secondary School has been notorious for this. The Committee, therefore, urges the Controlling Officer to ensure that the institutions concerned institute measures to ensure compliance with Financial Regulations, and prevent the recurrence of the irregularity. The Committee further recommends that the funds must be recovered without fail, and that disciplinary action should be taken against the officers who caused the query. The Committee awaits a progress report on the matter.

j. Unsupported Payments - K1,491,453

The Controlling Officer explained that the unsupported payments were mainly due to poor records management in the cited institutions. However, payment vouchers in amounts totalling K1,331,028 had since been found, leaving a balance of K160,425. The Controlling Officer further stated that management had cautioned the cited institutions to improve on record keeping.

Committee's Observations and Recommendations

The Committee finds the practice of failing to provide information and documents to the Auditor General at the time of audit not only unprofessional, but also suspicious. The Committee recommends that the Controlling Officer closely supervises the cited institutions to ensure that they improve on records management to avoid the misplacement and misfiling of documents. The Committee further recommends that the Controlling Officer should take disciplinary action against officers who failed to maintain proper accounting records and provide necessary documents to the Auditor General. The Committee will await a progress report on the matter.

k. Unapproved Payment Vouchers

The Controlling Officer submitted that at the time the payments were being processed, the senior officers who were mandated to approve the payment vouchers at Serenje and Itezhi-Tezhi DEBs and Namwala and Monze Secondary Schools, were out of station.

However, the payments had already been authorised. The latest position was that the vouchers in question had been endorsed by the responsible officer. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is concerned that the Controlling Officer appears to be endorsing and supporting retrospective approval and endorsement of payments which is against Financial Regulation No. 48 (1) of the Financial Regulations, 2006. The Committee, therefore, urges the Controlling Officer to take stern disciplinary action against the officers responsible for the irregularity. The Committee further cautions the Controlling Officer to stop creating an impression that he is in support of retrospective approval which is against the Financial Regulations. The Committee resolves to await a progress report on the matter.

l. Misapplication of Funds -K4,830,858

The Controlling Officer submitted that management had charged all the Provincial Education Officers (PEOs) involved in the misapplication of funds. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee bemoans the rampant failure to adhere to Financial Regulations, in the Ministry. The Committee recommends that the Controlling Officer should instruct the PEOs and the DEBS to be seeking Treasury Authority before any variation of funds. The Controlling Officer should further ensure that the funds are reimbursed. The Committee will await a progress report on the matter.

m. Failure to Produce Expenditure Returns for School Grants - K511,112

The Controlling Officer informed the Committee that Southern, Western, and Lusaka Provinces had partly submitted their respective expenditure returns. The expenditure returns were available for verification. The remaining provinces were yet to submit and the Ministry had since cautioned the PEOs for the failure to produce and submit expenditure returns for grants.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer metes out disciplinary action against all PEOs who failed to produce full expenditure returns timely. It also urges the Controlling Officer to direct the PEOs and the DEBS in the cited provinces to ensure that schools produce and submit detailed expenditure returns at the right time without fail. The Committee awaits a progress report on the matter.

n. Failure to Disburse Grants to Schools - K10,812,439

The Controlling Officer submitted that only the Lufwanyama DEBS had made an effort to reimburse K50,000, leaving a balance of K47,258. The rest of the DEBS and one provincial office were yet to reimburse.

The Controlling Officer stated that the Ministry had managed to collect bank details for all community and primary schools from all the provinces and was in the process of validating the bank details. The Ministry's plans were to have grants remitted directly from the Treasury to the schools, with effect from 2019.

Committee's Observations and Recommendations

The Committee recalls with dismay that the Ministry was cited over the same query in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2016. The Committee finds it unacceptable that the Ministry has allowed the irregularity to continue at the expense of quality service delivery in the affected schools. The Committee urges the Controlling Officer to institute stern disciplinary action against the erring PEOs and DEBS. The Controlling Officer is further called upon to ensure that the grants are reimbursed without further delay. The Committee will await a progress report on the matter.

o. Uncollected School Grants – Lusaka District Education Board

The Controlling Officer submitted that all the cheques had been re-issued and the concerned schools had since collected the grants.

The Controlling Officer stated that the Ministry had managed to collect bank details for all community and primary schools from all the provinces and was in the process of validating the bank details. The Ministry's plans were to have grants remitted directly from the Treasury to the schools, with effect from 2019.

Committee's Observations and Recommendations

The Committee contends that the Lusaka DEB had ill intentions of deliberately keeping the cheques at their offices. If that was not the case, the schools concerned would have been contacted and requested to collect the cheques. The Committee recommends that the Controlling Officer should take disciplinary action against the officer responsible for this irregularity at the Lusaka DEB. The Controlling Officer is further called upon to ensure that the irregularity does not recur. Furthermore, the Committee directs that relevant documents be submitted to the Auditor General for verification. The Committee resolves to await a progress report.

p. Failure to Reimburse Borrowings – Mporokoso District Education Board

The Controlling Officer submitted that in future, authority would be sought to vary funds, where there was need.

Committee's Observations and Recommendations

The Committee notes the response and, therefore, recommends that the Mporokoso DEBS should reimburse the funds borrowed from Mporokoso Secondary School without further delay. The Controlling Officer should, further, take disciplinary action against the officer responsible for this query. The Committee warns that it will not tolerate the practice of misapplying funds under the guise of borrowings since the Financial Regulations are clear as to what should be done in these circumstances. The Committee awaits a progress report on the matter.

q. Failure to Deduct Tax

The Controlling Officer submitted that the affected offices in Western, Muchinga and North Western Provinces had been cautioned to adhere to tax regulations and to regularise the omissions.

Committee's Observations and Recommendations

The Committee is concerned that the Ministry risks incurring penalties and there could be accumulation of interest for non-payment of tax. The Committee urges the Controlling Officer to immediately regularise the situation and ensure that the Ministry always fulfils its tax obligations. The Controlling Officer should further institute disciplinary action against the officers responsible for the lapse. The Committee awaits a progress report on the matter.

r. Failure to Remit Tax - K370,239

The Controlling Officer submitted that the affected institutions had been cautioned to adhere to tax laws and to regularise the omissions.

Committee's Observations and Recommendations

The Committee reiterates that remittance of taxes is a legal obligation and should not be taken lightly. The Committee is concerned that the Ministry risks incurring penalties and accumulating interest for non-payment of tax. The Committee urges the Controlling Officer to ensure that the Ministry always fulfils its tax obligations. The tax should, therefore, be remitted without further delay. The Controlling Officer should further institute disciplinary action against the officers responsible for the lapse. The Committee awaits a progress report on the matter.

s. Failure to Deduct NAPSA Contributions

The Controlling Officer submitted that the failure to pay the National Pension Scheme Authority (NAPSA) contributions by some institutions in Eastern Province was due to the delay in the issuance of social security numbers by NAPSA.

The Controlling Officer informed the Committee that amounts totalling K12,674.08 had been paid as NAPSA contributions by Katete Girls Secondary School and Chipata Skills Centre. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee reminds the Controlling Officer that failure to pay pension contributions is an offence under Section 51 of the *National Pension Scheme Act, Chapter 256 of the Laws of Zambia*. The Ministry, therefore, risks being prosecuted. The Committee further finds the reason provided by the Controlling Officer for the failure to deduct pension contributions unacceptable. This is because once an employer has submitted the particulars of employees in their service, to NAPSA; they are allowed to make contributions on behalf of the employees concerned. The Committee calls upon the Controlling Officer to direct the institutions concerned to remit the NAPSA contributions without further delay, and to institute disciplinary action against the officers responsible for the lapse. The Committee awaits a progress report on the matter.

t. Claims Without Obtaining Prior Authority

The Controlling Officer submitted that the PEOs in Southern, Central and Muchinga Provinces had been cautioned to desist from processing claim payments without prior authority, and to always comply with the provisions in the Financial Regulations.

Committee's Observations and Recommendations

The Committee notes the response. However, the Committee is of the view that the claims are indicative of misappropriation of public funds. The Committee, therefore, calls on the Controlling Officer to ensure that the irregularity is stopped, forthwith. The Controlling Officer should further take disciplinary action against the supervising officer responsible for the query. In addition, all payments made without prior approval should be recovered without delay. The Committee awaits a progress report on the matter.

u. Questionable Borrowing of Funds from Officers – Sikongo District Education Board – K10,000; K24,890

The Controlling Officer submitted that the K10,000 had since been paid back and the receipt was available for audit verification.

Regarding the funds lent to the Education Standards Officer - General Inspections (ESO – GI), the Controlling Officer submitted that the officer was cautioned to desist from such practices. The Controlling Officer further explained that although the funds were not deposited in the office bank account, the food stuffs procured were received and consumed by the pupils who participated in the co-curricular activities as per list of participants, stores ledger and goods received vouchers no. 710,711,712,713,714,715,199 and 200. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee, once again, recalls that the Ministry was cited over a similar query on questionable borrowings and claims, in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2016. Therefore, the Committee is very disappointed that this practice has continued at the Ministry. The Committee reiterates its earlier position that the irregularity is a potential conduit for misappropriation of public funds. In this regard, the Committee recommends that the irregularity be stopped forthwith. The Controlling Officer should further take stern disciplinary action against the supervising officers responsible for the query and recover all outstanding funds recovered immediately. The Committee resolves to await a progress report on the matter.

v. Irregular Payment of Subsistence and Meal Allowances - K581,144

The Controlling Officer submitted that recoveries had been effected from the affected officers. The pay slips were available for verification.

Committee's Observations and Recommendations

The Committee contends that the query signifies the apparent disregard for relevant rules and guidelines by the supervising officers at the institutions cited. The Committee recommends that disciplinary action should be taken against the officers who authorised the irregular payments. The Controlling Officer is further urged to submit all documentation to the Auditor General for verification. The Committee awaits a progress report on the matter.

w. Irregular Payment of Hotel Bills while on Transfer

The Controlling Officer submitted that recoveries had since been effected from the officers who were involved. The pay slips were available for audit verification.

Committee's Observations and Recommendations

The Committee contends that the query signifies the blatant disregard for relevant rules, regulations and guidelines by the supervising officers at the institutions cited. The Committee recommends that stern disciplinary action should be taken against the officers who authorised the irregular payments. The Committee awaits a progress report on the matter.

x. Irregular Payment of Training Costs – Mongu College of Education - K70,140

The Controlling Officer submitted that the query arose as a result of the introduction of the three years Primary Teacher's Diploma at the Collage, which had a component of Information Communication Technology (ICT). The College had no qualified lecturers to teach ICT. The College was, therefore, required to send lecturers to undergo training.

The Controlling Officer further submitted that the Ministry would effect recoveries from the officers concerned, in December, 2018. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken. The Committee urges the Controlling Officer to ensure that the supervising officer always adheres to the provisions in the Terms and Conditions of Service for the Public Service, regarding the approval of study leave and the training costs. The Controlling Officer should further take disciplinary action against the Principal of the College and the officers concerned for not following the laid down procedures and for failing to provide appropriate responses to the auditors during the audit. The Committee awaits a progress report on the matter.

y. Irregular Payment of Administrative Allowances - K58,265

The Controlling Officer submitted that an amount of K8,600 had been paid back by the erring officers at Katete Girls Secondary School and the balance of K6,620 would be recovered in the month of December, 2018. Further, recoveries of K43,045 had been effected at Namwala Secondary School and the payslips were available for audit verification.

Committee's Observations and Recommendations

The Committee contends, once more, that the query is an example of blatant disregard for relevant guidelines on the payment of allowances by the supervising officers at the cited institutions. The Committee recommends that disciplinary action should be taken against the officers who authorised the irregular payments. The Committee awaits a progress report on the matter.

z. Misappropriation of Funds

i) Chibote Secondary School – Copperbelt Province - K102,853

The Controlling Officer submitted that the deductions of K3,121.21 per month had been effected against the erring officer who misappropriated public funds by forging the signature of the Head teacher. Further, disciplinary action had been instituted against the officer. The officer had not been reporting for work since December, 2016 and had since been placed on suspension. Supporting documentation was available for audit verification.

ii) Namwala Secondary School - Southern Province - K1,460,000

The Controlling Officer informed the Committee that corrective measures had been put in place. The officers concerned had been charged and suspended. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

The Committee is shocked that an officer who is absent from work without official leave could be allowed to draw a salary. The Committee is further disappointed that in both cases involving Chibote and Namwala Secondary Schools, the Ministry only took action following an audit query. The Committee also contends that the action taken in both cases, of suspending the officers, was not proportionate to the alleged offences. The Committee, therefore, recommends that appropriate disciplinary action should be taken against the officers for being absent from work in the case of the Chibote Secondary School officer, and for misappropriating public funds. Furthermore, the Controlling Officer is urged to mete out disciplinary action against all supervising officers who failed to take disciplinary action against the two officers until an audit query was raised. The matter should further be reported to appropriate investigative wings, considering that the activities were of a fraudulent nature. The Committee awaits a progress report on the matter.

aa. Failure to take Disciplinary Action – Kapilamikwa Primary School – Lufwanyama District

The Controlling Officer submitted that recommendations had been made to have the salary of the officer in question blocked, and that the officer be dismissed as he was convicted of theft. The Controlling Officer stated that the matter was going through disciplinary proceedings. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

The Committee notes the response on the action taken and resolves to await a progress report on the matter.

bb. Unacquitted Funds - K314,869

The Controlling Officer submitted that the acquittal sheets had been retrieved and were available for audit verification.

Committee’s Observations and Recommendations

The Committee expresses disappointment at the failure to acquit the funds by the beneficiaries. The Committee, therefore, recommends that the Controlling Officer should

take disciplinary action against all the officers concerned with this matter at the cited institutions for the failure to acquit the funds in time, and to provide acquittal sheets to the auditors. The Committee awaits a progress report on the matter.

cc. Unretired Accountable Imprest - K646,714

The Controlling Officer submitted that out of K646,714, an amount of K49,948 had been traced, leaving a balance of K596,766. The final validation of documents was underway.

Committee's Observations and Recommendations

The Committee attributes the failure to retire accountable imprest to inadequate supervision of accounting officers by the supervisors. In this vein, disciplinary action should be meted out against the supervisors who failed to institute recoveries in a timely manner. The Committee further urges the Controlling Officer to ensure that the responsible officers at the cited institutions step up their supervision of accounting officers and sensitise them on the need to ensure adherence to Financial Regulations. The Committee awaits a progress report on the matter.

dd. Questionable Retirement of Imprest – Namwala Secondary School - K35,589

The Controlling Officer informed the Committee that the imprest had since been properly retired. The documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and recommends that the Controlling Officer should take disciplinary action against the officers concerned at Namwala Secondary School, for the failure to retire imprest correctly as per requirement. The Committee is also concerned over the report by the Controlling Officer that the imprest had now been properly retired and questions the authenticity of the retirement. The Committee directs the Controlling Officer to undertake further inquiries into the retirement. The Committee resolves to await a progress report on the matter.

ee. Imprest Payment Without Indication of Transport - K86,609

The Controlling Officer submitted that no funds were allocated for transportation in the imprest payment because the cited Provinces did not have sufficient funds at the time of undertaking the field trips. The fuel for field work was instead drawn from the institutional account.

Committee's Observations and Recommendations

The Committee notes the response and requests the Controlling Officer to tender evidence to the Auditor General for verification, to substantiate his response. The Committee awaits a progress report on the matter.

ff. Failure to Produce Activity Reports

The Controlling Officer submitted that the activity reports for the cited stations had been retrieved and were available for audit verification, except for Itezhi-Tezhi and Mumbwa DEB. The Ministry would ensure that the remaining activity reports were retrieved.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to mete out disciplinary action against the officers who failed to produce activity reports on the activities they had purported to have undertaken. The Committee further emphasises the need for the Controlling Officer to sensitise all officers on the requirement to adhere to stipulated regulations on this matter or risk facing disciplinary action. The Committee resolves to await a progress report on the matter.

gg. Irregular Procurement of Goods and Services Using Imprest - K876,723

The Controlling Officer submitted that the Ministry had cautioned the cited PEOs and DEBS to desist from using imprest to procure goods and services.

Committee's Observations and Recommendations

The Committee expresses disappointment at the actions of the PEOs and DEBS as Financial Regulation No. 86 (c) is clear on this matter. The Committee recommends that the Controlling Officer should take disciplinary action against the officers who approved the irregular procurement of goods and services using imprest. The Committee awaits a progress report on the matter.

hh. Irregular Procurement of Stationery - Lundazi Day Secondary School - K15,983

The Controlling Officer submitted that the Head teacher for the school had been charged. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee advises the Controlling Officer to be proactive and not wait for the audit in order to take action. However, the Committee resolves to close the matter subject to audit verification.

ii. Unaccounted for Stores

The Controlling Officer informed the Committee that the stores documents that had been misfiled at the time of audit at various cited institutions had since been retrieved, and were available for audit scrutiny.

The Ministry would follow up the Zimba DEBS and Namwala Secondary School to ensure that they accounted for their respective stores materials.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to take disciplinary action against the responsible officers who failed to avail the documents to the auditors at the time of audit. The Committee further calls upon the Controlling Officer to direct the institutions concerned to improve on their records management. In addition, the Committee directs that all documents be submitted to the Auditor General for verification. The Committee awaits a progress report on the matter.

jj. Fuel Drawn by Motor Vehicles Not on Institutional Fleet – Southern Province

The Controlling Officer explained that the irregularities were due to the fact that the Province had challenges with transport as evidenced by the reports on the state of the official vehicles. However, authority had been sought after clarifying the Province's transport situation.

The Controlling Officer explained that the Office of the DEBS in Zimba was dependent on other departments for transport, especially during the period of key national programmes such as conducting examinations. During such times, vehicles from other line ministries in the Province were borrowed to cover the entire district.

The letters of authority to use other line ministries' and private vehicles had since been retrieved and were ready for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to take disciplinary action against the officer who failed to avail the letters of authority to the auditors at the time of audit. The Committee further expresses concern that some districts such as Zimba do not have transport at all. The Committee, therefore, calls on the Secretary to the Treasury to mobilise some funding urgently to ensure that a motor vehicle is procured for the Office of the DEBS in Zimba to perform functions efficiently. The Committee awaits a progress report on the matter.

kk. Irregular Payment of Fuel Imprest without Using Fuel Formula – Western Province - K31,215

The Controlling Officer informed the Committee that the officers had refunded the irregularly paid fuel imprest and the general receipts were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and recommends that disciplinary action should be taken against the officers who approved the irregular payment of fuel imprest without using the Government prescribed fuel formula. In the meantime, the documents relating to the refunds should be submitted for audit verification. The Committee awaits a progress report on the matter.

ll. Fuel Drawings without Approved Fuel Requisitions – Central Province

The Controlling Officer submitted that authority had since been granted and the fuel drawings had been signed for. Further, the vehicle registration numbers had been indicated, and the DEBS in question had since been charged for the oversight.

Committee's Observations and Recommendations

The Committee takes note of the action taken. The Committee urges the Controlling Officer to ensure that all responsible officers comply with Public Stores Regulation No. 16, which obligates all officers responsible for public stores to account for the stores. The Committee resolves to close the matter subject to audit verification.

mm. Failure to Follow Tender Procedures - Payments Above Threshold

The Controlling Officer submitted that the Head teachers of Chiba and Mumbwa Secondary Schools had since been cautioned to comply with the Procurement Regulations when procuring goods and services, in order to avoid future recurrence of the query.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that responsible officers are sensitised on the requirement to follow tender procedures, in order to avoid recurrence of the query. The Controlling Officer is further urged to take appropriate disciplinary action against the cited head teachers. The Committee resolves to await a progress report on the matter.

nn. Contracting of Unregistered Individuals – Southern Province

The Controlling Officer informed the Committee that schools preferred to buy essentials such as cattle, vegetables, and soya beans from individuals because it was cheaper and cost effective, when compared with procuring from registered suppliers such as Zambeef Products Plc and other renowned supermarkets.

The Controlling Officer further informed the Committee that the PEO had been cautioned to always comply with the Zambia Public Procurement Guidelines of 2008, when procuring goods and services.

Committee's Observations and Recommendations

The Committee is disappointed by the responses and wishes to remind the Controlling Officer that it is a requirement to comply with procurement laws, regulations and guidelines, which are put in place to cure mischief, including suspicious preferences. The Committee, therefore, recommends that the Controlling Officer should take disciplinary action against any head teacher including the two cited in this query, for contracting unregistered businesses. The Committee will await a progress report on the matter.

oo. Failure to Insure Assets

i. Motor Vehicles and Motor Bikes

The Controlling Officer submitted that the assets for Northern and Southern Provinces had been insured with the exception of Zimba in Southern Province. The Ministry would insure the assets for Nchelenge and Zimba DEBS offices once funds were made available.

Committee's Observations and Recommendations

The Committee notes the response and will await a progress report on the insurance of the remaining assets at the Nchelenge and Zimba DEBS offices. In this vein, the Committee implores the Secretary to the Treasury to support the Ministry with necessary funding for this purpose.

ii. Cattle – Kitwe District Education Board

The Controlling Officer submitted that all the animals had since been insured. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that institutions under his Ministry always budget for funds to enable them insure their assets. The Committee resolves to close the matter subject to audit verification.

pp. Lack of Title Deeds – Northern Province

The Controlling Officer informed the Committee that the Ministry had commenced the process of securing the title deeds for fourteen institutions belonging to the Ministry that were reported not to have title deeds. Supporting documents were available for audit verification.

Committee’s Observations and Recommendations

The Committee notes the action taken and urges the Controlling Officer to expedite the process of securing the title deeds for the institutions concerned. The Committee awaits a progress report on the matter.

qq. Failure to Maintain Asset Register – Namwala Secondary School

The Controlling Officer submitted that the School could not maintain the register at the time because the School lacked the necessary capacity to adequately undertake the activity, as prescribed by the Office of the Accountant General. However, the Ministry was in the process of compiling the registers.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that his Ministry always takes a proactive approach to issues such as this, instead of waiting for auditors. The Controlling Officer should further ensure that the process of compiling the register is completed expeditiously. The Committee awaits a progress report on the matter.

rr. Failure to Inscribe Government Assets

The Controlling Officer informed the Committee that the assets belonging to various institutions under the Ministry had been inscribed and were available for physical verification.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer and his supervising officers to always endeavour to take a proactive approach to the issue of inscribing of Government assets rather than wait for auditors. The Committee resolves to close the matter subject to audit verification.

ss. Failure to Recover Salary Advances - K72,688

The Controlling Officer submitted that recoveries had since been effected from the thirty-three officers concerned. The pay slips were available for audit verification.

Committee’s Observations and Recommendations

The Committee notes with disappointment, the failure to recover salary advances within a reasonable period in accordance with the Terms and Conditions of Service for the Public Service, by the cited institutions. In this regard, the Committee recommends that the Controlling Officer takes disciplinary action against the officers who failed to institute the recoveries. The Committee awaits a progress report on the matter.

tt. Failure to Refund the School for Poor Workmanship – Namwala Secondary School

The Controlling Officer submitted that the matter was taken to court. The law enforcement agencies were still following up the matter. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee contends that the conduct of the Head teacher at Namwala Secondary School in paying the contractor in full, prior to the execution of the works and in the absence of a contract between the parties borders on criminality. The Committee recommends that the Controlling Officer should take stern disciplinary action against the Head teacher and also caution other head teachers against disregarding relevant procedures. The Committee will await a progress report on the matter.

uu. Missing Cattle - Namwala Secondary School

The Controlling Officer submitted that the cattle in question were not stolen, but were slaughtered and fed to the pupils. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response but wonders why this information was not provided to the auditors with supporting documentation. The Committee recommends that the Controlling Officer should mete out disciplinary action against the officers who failed to provide the information and supporting documents to the auditors. The Controlling Officer is further directed to submit documents to the Auditor General for verification. The Committee resolves to await a progress report on the matter.

vv. Infrastructure Development

i) Electrification of Sikatengwa and Lwamphamba Primary Schools – PEO Eastern Province

The Controlling Officer submitted that the PEO was still waiting for the quotations from ZESCO Limited, who had assured the Ministry that electrification of the two institutions would be done by the end of 2018.

Committee's Observations and Recommendations

The Committee commends the Office of the PEO, Eastern Province for not misapplying the funds meant for electrification of the two schools, which have been reportedly lying in the PEO's account. The Committee urges the Controlling Officer to urgently follow up the issue with ZESCO Limited and ensure that the schools are electrified without further delay. The Committee awaits a progress report on the matter.

ii) Construction of 1 x 3 Classroom Block and Staff House – Naambe Secondary School, Kabwe

• Misapplication of Funds

The Controlling Officer submitted that the Ministry would reimburse the K45,000 borrowed from Naambe Secondary School by the Kabwe District Education Board, in December 2018.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that the funds are reimbursed without further delay. The Committee further calls on the Controlling Officer to mete out

disciplinary action against the officer responsible for the misapplication. The Committee will await a progress report on the matter.

- **Unaccounted for Funds**

The Controlling Officer submitted that the Ministry would reimburse the K42,260 when funds were made available.

Committee's Observations and Recommendations

The Committee notes the response and will await a progress report on the matter.

- **Wasteful Expenditure**

The Controlling Officer submitted that the pockets of cement were procured at the time of a dispute over the piece of land and the matter had been before the courts of law. This resulted in the 478 pockets of cement going to waste. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee finds it unacceptable that the School could not wait for the dispute to be settled before procuring the cement to avoid wasting public funds in the manner they did. The Committee recommends that the Controlling Officer takes disciplinary action against all officers who authorised the purchase of cement. The Committee awaits a progress report on the matter.

- **Delayed Implementation of the Project**

The Controlling Officer submitted that the delay was as a result of a court injunction, which resulted in the works stalling. The Controlling Officer further submitted that the matter was still in court.

Committee's Observations and Recommendations

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

- **Irregular Payment to the Contractor**

The Controlling Officer submitted that the DEBS was charged for committing the irregularity in question.

Committee's Observations and Recommendations

The Committee has noted with deep concern, the irregularities committed at Naambe Secondary School. The Committee recommends that the Controlling Officer should closely supervise the Kabwe District Education Board Office and the Naambe Secondary School management in particular, in order to prevent further loss of public funds. The Committee awaits a progress report on the matter.

- **Other Projects**

The Controlling Officer submitted that the works on the projects cited had stalled due to lack of funding. The works would resume once funds were made available.

Committee's Observations and Recommendations

The Committee expresses concern that there are too many projects under the Ministry which are awaiting funding. The Committee recommends that the Treasury should mobilise necessary resources in order for the Ministry to complete all the projects that have stalled without undue delay. The Committee will await a progress report on the matter.

MINISTRY OF GENERAL EDUCATION – NATIONAL IMPLEMENTATION FRAMEWORK III

AUDIT QUERY	:	PARAGRAPH 47
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

42. An examination of accounting and other records maintained at the Ministry of General Education carried out from January to June, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Weaknesses in Internal Controls

i. Audit Committee

The Controlling Officer explained that only one Audit Committee meeting was held during the period under review, due to a lapse in internal control measures. The Controlling Officer stated that the Audit Committee had resolved to prioritise and observe the timelines of programmed activities. Therefore, the Audit Committee held three meetings to review the internal audit reports in 2018.

Committee's Observations and Recommendations

The Committee notes with dismay that the Audit Committee only acted after the irregularity was exposed by the auditors. The Committee finds this unacceptable. The Committee, therefore, recommends that the Secretary to the Treasury should closely supervise the Audit Committee to ensure that it performs its functions, in order to enhance internal controls in the Ministry. The Committee resolves to close the matter but urges the Auditor General to keep the matter in view.

ii. Failure to Respond to Internal Audit Reports

The Controlling Officer submitted that the failure to respond to internal audit reports was due to the overwhelming number of external audits that were being conducted at the Ministry at the time. These included various forensic and regularity audits.

The Controlling Officer further submitted that the Ministry had embarked on the process of generally enhancing the internal control environment, including responding to internal audits timely, and discussing them during senior management meetings.

Committee's Observations and Recommendations

The Committee is aware that internal auditors are there to, among other things, ascertain that internal controls are in place and the extent of compliance with plans, procedures and relevant laws. The reports by internal auditors are, therefore, cardinal in ensuring continuous improvement in the internal controls. In this regard, the failure to respond to internal audit reports shows the laxity of the Controlling Officer in his performance of duties. Taking into account the huge public resources handled by the Ministry, the Committee recommends that the Secretary to the Treasury should institute disciplinary action against the Controlling Officer for the omission. The Committee further recommends that the Controlling Officer should, henceforth, ensure that he responds to all internal audit reports. The Committee awaits a progress report on the matter.

b. Management of the National Implementation Framework (NIF) III Funds

i. Lack of Expenditure Codes

The Controlling Officer informed the Committee that from its inception to date, the NIF III account's procedure for accounts operation and chart of accounts had been the application of a single advance code. The Ministry intended to re align the chart of accounts under the donor component to programmes and activities, unlike the current practice of a single advance code.

The Controlling Officer submitted that the Ministry of General Education would engage the Ministry of Finance to ensure that all project funds were channelled through the IFMIS.

Committee's Observations and Recommendations

The Committee finds the response unacceptable because it is aware that the expenditure codes for the NIF funds existed up to 2016. The Committee is concerned that the lack of expenditure codes may make the funds susceptible to misapplication and misappropriation, and, therefore, recommends that the Controlling Officer urgently regularises the situation in accordance with the Financial Regulations of 2006. The Committee will await a progress report on the matter.

ii. Borrowing of Funds Without Authority - K14,100,000

The Controlling Officer submitted that his Ministry had written to the Ministry of Finance seeking approval for the variation of funds. Further, the Ministry would reimburse the funds. The erring officer who misguided the Ministry in borrowing the funds without authority had since been charged. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee reiterates that the misapplication of funds constitutes breach of the law and should be condemned in the strongest terms. The Committee urges the Controlling Officer to ensure that the borrowed funds are reimbursed. The Committee further urges the Controlling Officer to ensure that Treasury Authority is obtained prior to any variation or borrowing of funds by the Ministry, pursuant to Financial Regulations No. 31. The Committee will await a progress report on the matter.

c. Failure to Disclose Details for Imprest Paid

The Controlling Officer submitted that the budgets relating to the imprest paid did not have details of the names of officers. However, the budgets had positions, and the actual payment schedules had the names of officers.

The Controlling Officer informed the Committee that in its continued reorganisation and enhancement of control systems, the Ministry had introduced a system of budgeting that was clearly aligned to the payments through the TSA, and that before such payments were processed the Internal Audit Unit was engaged for quality assurance.

Committee's Observations and Recommendations

The Committee contends that the failure to disclose the details for the imprest paid may have been a cover up for the irregularities committed. The Committee recommends that the Controlling Officer and other relevant officers should adhere to Financial Regulations at all times. The Committee further calls upon the Controlling Officer to take disciplinary action against the officers who issued the imprest without the necessary details. The Committee awaits a progress report on the matter.

d. Over Payment of Subsistence Allowance - K184,670

The Controlling Officer informed the Committee that the officers who compiled the budget used rates applicable to the provincial headquarters instead of the rates applicable to other locations, and to the officers concerned. The Controlling Officer stated that the officers misdirected themselves.

The Controlling Officer further submitted that the Ministry had since effected the recoveries. The payslips were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to enhance the internal control measures and ensure total compliance with the rules and guidelines on the payment of Subsistence Allowance. Further, the Controlling Officer should take disciplinary action against the officers who authorised the overpayment of Subsistence Allowance. The Committee will await a progress report on the matter.

e. Payment of Subsistence Allowances Using Inappropriate Rates

The Controlling Officer informed the Committee that the rates applicable to the provincial headquarters were used instead of the rates applicable to other locations. The Ministry was in the process of reconciling the correct rates and the different rates applied, in order to establish the overpayments for purposes of effecting the recoveries. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to enhance the internal control measures and ensure total compliance with the rules and guidelines on the payment of Subsistence Allowances. The Ministry should further expedite the process of effecting the recoveries. In addition, disciplinary action should be taken against the officers responsible for using inappropriate rates to pay the Subsistence Allowances. The Committee will await a progress report on the matter.

f. Over Payment of Fuel Imprest - K198,892

The Controlling Officer submitted that the prescribed formula and correct distances were not adhered to when calculating the fuel imprest. However, the Ministry had since effected recoveries against the affected officers. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to enhance the internal control measures in order to stop the irregularities relating to the overpayment of fuel imprest and the various allowances at the Ministry. The Committee further recommends that disciplinary action be taken against the officers responsible who approved the overpayments. The Controlling Officer is further directed to submit documents to the Auditor General for verification. The Committee will await a progress report on the matter.

g. Unretired Accountable Imprest - K2,278,977

The Controlling Officer submitted that the Ministry had effected recoveries from the officers concerned. Payslips and PMEC inputs were available for audit verification.

Further, as a measure to curb the scourge, officers with outstanding imprest were not being granted subsequent imprest.

Committee's Observations and Recommendations

The Committee expresses concern about the length of time it may take to recover amounts totalling K2,278,977 from ten officers. The Committee recommends that the Controlling Officer should institute disciplinary action against the ten officers and supervising officers who failed to institute recoveries timely in accordance with Financial Regulations No. 96 (4). The Controlling Officer should further do everything possible to recover the funds. The Committee awaits a progress report on the matter.

h. Questionable Retirement of Accountable Imprest for Refreshments

The Controlling Officer submitted that the receipts without individual details of items procured were used to retire imprest due to poor supervision of the retirement of accountable imprest by the responsible officer. The Controlling Officer further submitted that the Ministry had effected recoveries from the officers concerned. Payslips and PMEC inputs were available for audit verification.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Controlling Officer to adequately supervise the retirement of accountable imprest. The Committee recommends that the Controlling Officer should institute disciplinary action against the officers concerned and the responsible officer, for the failure to supervise subordinates adequately on the expeditious retirement of imprest and the failure to institute recoveries timely. The Committee awaits a progress report on the matter.

i. Failure to Produce Activity Reports

The Controlling Officer submitted that the failure to produce the activity reports was due to the inadequacies in records management, which affected the filing and retrieval of

documents. However, the activity reports had since been retrieved and were available for verification.

Committee's Observations and Recommendations

The Committee expresses dismay at the Ministry's failure to avail the activity reports to the auditors at the time of audit.

The Committee urges the Controlling Officer to institute disciplinary action against the officers who failed to avail the activity reports. The Committee further recommends that the Controlling Officer should submit the activity reports to the Auditor General for verification. The Controlling Officer is further urged to prepare adequately for external auditors and ensure that this query does not recur. The Committee awaits a progress report on the matter

j. Questionable Activity Reports

The Controlling Officer submitted that the activity reports were questionable as the officers concerned were not conversant with writing a standard activity report. However, the Ministry intended to design a standard template for writing activity reports.

Committee's Observations and Recommendations

The Committee wonders why incompetent officers who could not write activity reports could be assigned to undertake the activity in the first place. The Committee recommends that the Controlling Officer should take disciplinary action against the officer who assigned the incompetent to officers who could not write the activity reports. The Controlling Officer should further expedite the designing of the standard template on the format of activity reports, as it is a simple exercise. The Committee awaits a progress report on the matter.

k. Irregular Payment of Meal Allowances - K78,500

The Controlling Officer submitted that the Ministry had since effected the recoveries from the officers concerned. The payslips were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and recommends that the Controlling Officer should take disciplinary action against the officers who initiated and approved the payment of meal allowances without following the provisions of Cabinet Office Circular No.11 of 2013, clause 7 (iv). The Controlling Officer is further directed to submit documents to the Auditor General for verification. The Committee awaits a progress report on the matter.

l. Irregular Payment of Transport Allowance/Refunds - K183,390

The Controlling Officer submitted that the Ministry had since effected the recoveries from the officers concerned. The payslips were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and recommends that the Controlling Officer should take disciplinary action against the officers responsible for the query. The Controlling Officer should further ensure that responsible officers are sensitised on the requirement to adhere to the provisions of Cabinet Circular No.11 of 2013, clause 6 and other relevant Cabinet circulars. The Controlling Officer is further directed to submit documents to the Auditor General for verification. The Committee awaits a progress report on the matter.

m. Irregularities in the Management of the Zambia Educational Publishing House Contracts

i) Undelivered Procured Books to Schools

The Controlling Officer submitted that the undelivered books would be delivered once funds were made available.

Committee's Observations and Recommendations

The Committee is deeply concerned at the irregularities surrounding the contract awarded to Zambia Educational Publishing House (ZEPH) for the printing, supply and delivery of the grade 3 books. The Committee contends that the irregularities have affected the delivery of a quality service to the affected learners. In this regard, the Committee recommends that the Ministry should urgently source funds to pay for the delivery of the remaining books. The Committee will await a progress report on the matter.

ii) Wasteful Expenditure – Wharfage, Detention, Demurrage and Storage Charges

The Controlling Officer submitted that the responsible officer had been charged for contracting Jayant Printery, a company based in India, to print and deliver books without signing a formal contract.

Regarding the detention of the books at the port in Dar-es-Salaam, the Controlling Officer submitted that the Ministry had instituted disciplinary action against the responsible officer (ZEPH Director) for causing wasteful expenditure, which should have been avoided, had the contract sum of U\$433,689.59 been paid there and then. The ZEPH was negotiating for a contract with Grey Matter to co-finance the clearance and movement of the said materials to Zambia.

Committee's Observations and Recommendations

The Committee is very disappointed at the failure by the Controlling Officer to supervise his officers at ZEPH, resulting in the failure to adhere to procurement procedures. The Committee is further concerned that the delay to clear the books has a potential negative impact on the learners and has resulted in wasteful expenditure, which could have been avoided. In view of the foregoing, the Committee recommends that the Ministry should do everything possible to ensure that the matter is resolved without further delay. The Committee awaits a progress report on the matter.

MINISTRY OF GENERAL EDUCATION

AUDIT QUERY	:	PARAGRAPH 48
UNIT	:	Various
PROGRAMMES	:	Personal Emoluments
ACTIVITIES	:	Various

Accounting and Other Irregularities

43. An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Education Offices (PEOs) and District Education Board offices (DEBs) carried out from March to May, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Misplacement of Payroll Area

The Controlling Officer submitted that the misplacement of the payroll area was as result of the failure by the Public Service Management Division to effect transfers for employees to stations where there were payroll positions. The Controlling Officer stated that the Ministry would engage the Public Service Management Division to ensure that the payroll was aligned in such a way as to account for officers in their respective work stations.

Committee's Observations and Recommendations

The Committee requests the Controlling Officer to engage his counterpart at the Public Service Management Division to ensure that officers, especially teachers are sent to stations where their services are needed. The Committee further urges the Controlling Officer to regularise the matter to avoid denying services to the citizens in the stations concerned. The Committee awaits a progress report on the matter.

b. Unknown Officers Drawing Salaries - K76,789

The Controlling Officer submitted that the named officers were transferred to other stations. However, their pay points were not transferred to their new stations. This would be formalised once vacancies were identified. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes that the Controlling Officer has not provided appropriate evidence to support his response. The Committee, therefore, requests the Controlling Officer to submit evidence to the Auditor General for verification as regards his submission. The Committee awaits a progress report on the matter.

c. Payment of Salaries to Officers Absent from Duty Without Leave - K749,242

The Controlling Officer informed the Committee that the Ministry had since charged the cited officers and blocked their salaries. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken and recommends that the Controlling Officer submits appropriate evidence to the Auditor General for verification that the cited officers had been charged, and had their salaries blocked. Further, the Committee reiterates the need for the Controlling Officer to ensure that the wrongly paid salaries are recovered from their terminal benefits or salaries. In addition, the Controlling Officer should mete out disciplinary action against all officers who authorised these payments. The Committee awaits a progress report on the matter.

d. Irregular Payment of Responsibility Allowance - K123,342

The Controlling Officer submitted that the Ministry had effected the recoveries of the irregularly paid Responsibility Allowances, from the affected officers. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee bemoans the failure by the responsible officers in the cited stations, to adhere to the provisions in the Collective Agreement between the Government and Secondary Schools Teachers' Union of Zambia. The Committee recommends that the Controlling Officer should take disciplinary action against the officers who authorised the irregular payment of Responsibility Allowance. The Committee awaits a progress report on the matter.

e. Irregular Payment of Double Class Allowance to Secondary School Teachers - K32,318

The Controlling Officer informed the Committee that the Ministry had effected recoveries of the irregularly paid Double Class Allowances and the payslips were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and recommends that the Controlling Officer should take disciplinary action against the officers who authorised the irregular payment of Double Class Allowance. The Committee further recommends that the Controlling Officer reminds all the DEBS on the requirement to adhere to relevant guidelines and the policy on the payment of the said allowance. The Committee awaits a progress report on the matter.

f. Irregular Payment of Allowances without Authority - K1,308,534

The Controlling Officer submitted that the Ministry had effected recoveries of the irregularly paid allowances and the payslips were available for audit verification.

Committee's Observations and Recommendations

The Committee notes with concern, the serious irregularities committed at the various DEBS offices, with impunity. In this regard, the Committee recommends that the Ministry should enhance internal controls at all DEBS offices. The Committee further recommends that the Controlling Officer should institute disciplinary action against the officers who authorised the payment of allowances without authority. The Committee awaits a progress report on the matter.

g. Payment of Acting Allowance to Ineligible Employees - K292,495

The Controlling Officer informed the Committee that the cited DEBS under Muchinga Province would effect the recoveries of the irregularly paid allowances from the affected officers. The Controlling Officer further informed the Committee that the Ministry had stopped the payment of Acting Allowances to the two officers affected at Kasama DEBS. Recoveries had also been made from the two officers. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee remains deeply concerned at the serious allowances-related irregularities committed at the various DEBS' offices, with impunity. In this regard, the Committee recommends that the Ministry should enhance internal controls at all DEBS offices in order to ensure adherence to guidelines and provisions contained in the Terms and Conditions of Service for the Public Service, and other relevant documents such as Cabinet circulars. The Committee further recommends that the Controlling Officer should institute disciplinary

action against the officers who authorised the payment of Acting Allowance to ineligible officers. The Committee awaits a progress report on the matter.

h. Irregular Payment of Rural and Remote Hardship Allowances - K3,684,528

The Controlling Officer informed the Committee that the irregular payment of Rural and Remote Hardship Allowances had been stopped and the recoveries had since been effected from the officers concerned. Supporting documents were available for audit verification.

The Controlling Officer stated that the Ministry would institute disciplinary action against the responsible officers for Muchinga and Central Provinces for their failure to take corrective action.

Committee's Observations and Recommendations

The Committee notes the response and recommends that the Ministry should enhance internal controls at all DEBS' offices cited, in order to ensure adherence to guidelines and provisions contained in the Terms and Conditions of Service for the Public Service and other relevant documents such as Cabinet circulars on the payment of Rural and Remote Hardship Allowance. The Committee further recommends that the Controlling Officer should expeditiously institute disciplinary action against the officers who authorised the irregular payment of Remote and Rural Hardship Allowance. The Committee awaits a progress report on the matter.

i. Payment of Remote Instead of Rural Hardship Allowances

The Controlling Officer submitted that the irregularity was as result of the absence of adequate internal controls at the Provincial Offices.

The Controlling Officer further submitted that the irregularly paid Remote Hardship Allowance had since been stopped and replaced with the appropriate allowance for the eligible officers. However, the erroneously paid amounts were yet to be recovered. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and recommends that the Ministry should enhance internal controls at all DEBS offices cited, in order to ensure adherence to guidelines and provisions contained in the Terms and Conditions of Service for the Public Service and other relevant documents such as Cabinet circulars on the payment of various allowances. The Committee further recommends that the Controlling Officer should institute disciplinary action against the officers who authorised these irregular payments.

The Committee resolves to await a progress report on the recovery of the erroneously paid funds.

j. Irregular Payment of Housing Allowances - K2,317,549

The Controlling Officer informed the Committee that Management had since stopped the payment of Housing Allowance to the officers who were not entitled and had effected the recoveries. The payslips were available for verification.

The Controlling Officer stated that the Ministry would institute disciplinary action against the responsible officers for Muchinga and Central Provinces, for their failure to take corrective action.

Committee's Observations and Recommendations

The Committee notes the response and recommends that the Controlling Officer should expeditiously institute disciplinary action against the officers who failed to report that they were irregularly paid Housing Allowances, and the officers who approved the irregular payment of the Housing Allowance. The Committee awaits a progress report on the matter.

Committee's General Observations and Recommendations

The Committee is deeply concerned at the glaring irregularities being committed with impunity in the Ministry. The Committee notes, particularly, that irregularities related to the payment of various allowances such as rural hardship and meal allowances are rampant. The irregularities range from paying allowances to ineligible officers, to overpayments, and failure to produce activity reports.

In addition, there are a number of irregularities relating to the management of accountable and fuel imprest, generally. Further, it appears that there is poor record keeping in the Ministry, and the Ministry is never ready for audits. This is evidenced by the failure to provide information and documents to the auditors at the time of audit.

In view of the foregoing, the Committee makes the recommendations outlined below.

- i. The Secretary to the Treasury should censure the Controlling Officer for failing to adequately perform his supervisory role as evidenced by the irregularities committed, some of them by fairly senior officers. The Secretary to the Treasury should further closely supervise and monitor the performance of the Controlling Officer at the Ministry.
- ii. The Secretary to the Treasury must ensure that the Controlling Officer restores order in the Ministry in relation to compliance with government procedures, Terms and Conditions of Service, and Financial Regulations, as failure to do that may lead to loss of colossal sums of public funds and continued irregularities related to the payment of various allowances.
- iii. The Secretary to the Treasury should intervene and compel the Controlling Officer to seriously enhance internal controls in the Ministry, as the Controlling Officer had actually admitted that there is a lapse in internal controls.
- iv. The Secretary to the Treasury should direct the Controlling Officer to ensure that the Ministry is prepared and ready for the external audit by the Auditor General, in order that all information requested by the auditors at the time of audit is availed without fail.
- v. The Controlling Officer should urgently put measures in place to address the issue of poor record keeping and misfiling of documents in the Ministry.

The Committee awaits a progress report on these matters.

MINISTRY OF LANDS AND NATURAL RESOURCES

AUDIT QUERY	:	PARAGRAPH 49
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

44. An examination of accounting and other records maintained at the Ministry carried out during the period from January to April, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Unaccounted for Stores

The Controlling Officer submitted that receipt and disposal details were misfiled at the time of the audit. The documents had since been traced and were available for verification.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

b. Failure to Report Damaged Windscreen for the Higer Bus

The Controlling Officer submitted that the Ministry did not report this matter or charge the driver because the damage to the wind screen started as a small crack from a flying stone. The driver did not also bother to report the crack at that time. However, with time, the crack kept on extending such that during a long trip undertaken to Swaziland, the screen finally got damaged. The matter had since been reported to the Standing Accident Boards and was yet to be tabled.

He also submitted that the Ministry wrote to the Insurance Company requesting for a refund for the replacement of the Wind Screen. However, the Insurance Company had not yet responded. He further submitted that the driver had been cautioned to report such incidences however small.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that his staff avoid conduct likely to result in unnecessary loss of public funds. It, however, resolves to await a progress report on the outcome of the Standing Accidents Board meeting and the refund from the insurance company.

c. Failure to Follow Procurement Procedures

The Controlling Officer submitted that the documents were not availed to the auditors at the time of audit because they were misfiled but were now available for audit verification.

Committee's Observations and Recommendations

The Committee is sceptical about the authenticity of the documents which were now available because they may have been prepared just to cover up on the query. The Committee also observes that the erring officer has not been charged. The Committee, therefore, urges the Controlling Officer to put in place measures that will improve filing in the Ministry. The

Committee also urges the Controlling Officer to take appropriate disciplinary action against the officer who failed to provide documents to the auditors.

d. Failure to Avail Register

The Controlling Officer submitted that a complete Asset Register was not availed at the time of audit. However, it had been updated except the equipment that had not been marked by the Ministry of Works and Supply. The complete asset register would be availed once the Ministry of Works and Supply marked all the remaining assets.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and have the Asset Register updated at all times. The Committee also urges him to urgently engage the Ministry of Works and Supply to mark the remaining assets. The Committee will await a progress report.

e. Failure to Report Motor Vehicle Accident to the Standing Accidents Board

The Controlling Officer submitted that indeed the accident was not reported to the Standing Accidents Board at the time of the audit. However, the Ministry had since reported and the Standing Accidents Board had responded by stating that the delay in concluding the matter had been caused by the low number of cases.

Regarding the driver, he submitted that the Ministry had written to the Permanent Secretary, Copperbelt Province, to take disciplinary action. He further submitted that management regretted the failure by the Copperbelt Provincial Administration to insure the vehicle.

Committee's Observations and Recommendations

The Committee finds it unacceptable that the controlling Officer is able to bring responses to the Committee when he had an opportunity to provide the documents to the auditors and close the matter before it became an audit paragraph. The Committee, therefore, sternly cautions the Controlling Officer to desist from being reactive, for the better management of the Ministry and better delivery of service. The Committee however resolves to close the matter.

MINISTRY OF FISHERIES AND LIVESTOCK – HEADQUARTERS

AUDIT QUERY	:	PARAGRAPH 50
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

45. An examination of accounting and other records maintained at the Ministry headquarters and physical inspections of projects in selected districts carried out from February to May, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Irregular Payment of Rural Hardship Allowances – K10,169

The Controlling Officer submitted that one of the officers was physically based at the Ministry headquarters in Lusaka while his salary pay point was in Muchinga Province which attracted rural hardship allowance.

In this regard, the Ministry had taken a corrective measure of removing his pay point from Muchinga Province payroll in the month of October, 2018, to the Ministry headquarters' payroll and in addition, recoveries had been effected.

The Controlling Officer also submitted that the other officer was employed as a District veterinary Officer for Ikelenge District in North Western Province but was transferred to Zambezi district only for administrative convenience and not in Lusaka Province. Therefore, the officer was eligible for rural hardship allowance.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive in order to avoid queries such as this one. The Committee is disappointed that the officer who was transferred from Muchinga province could irregularly continue to receive Rural Hardship Allowance when he was no longer entitled to it. This points to weak internal control systems. In this vein, the Committee urges the controlling Officer to mete out disciplinary action against all officers who failed to detect the irregular payment and correct the anomaly. The Committee resolves to await a progress report on the matter.

b. Misapplication of Funds

i. Livestock Restocking Funds – K3,408,207

The Controlling Officer submitted that the Ministry spent K500,000 in Lukwipa, K500,000 in Chishinga breeding centre and K200,000 in Nalolo District, on the procurement and distribution of animals.

He also submitted that the Ministry sent K500,000 to GART Batoka for livestock breeding operations and spent K300,000 to procure a motor vehicle for Mukalikwa breeding centre to support the stocking and restocking of animals. However, he also submitted that K1,022,967 was spent on key livestock stocking and restocking preliminary activities before the actual buying and distribution of animal took place. He regretted that K385,240 was spent on activities which were priority and budgeted for at that particular time though unrelated to the actual restocking.

The Controlling Officer assured the Committee that he would endeavor to ensure that funds were used according to planned activities and would adhere to the approval given for any variation by the Secretary to Treasury.

He further submitted that the restocking programme was made up of the following activities: the identification of beneficiaries and formation of cooperatives, capacity building and training of beneficiaries, disease surveillance and testing and sample collection and vaccination of animals, procurement and distribution of animals and technical backstopping and monitoring.

Committee's Observations and Recommendations

The Committee notes with great disappointment, the efforts by the Controlling Officer to justify the misapplication. The Committee also notes that due to the misapplication, less funds were allocated towards the actual procurement of animals. This raises a question of

how the restocking programme will succeed without livestock. The Committee, therefore, urges the Controlling Officer to seek Treasury Authority each time the need to vary the funds arises. The Committee directs that the misapplied funds be refunded to the Livestock Restocking programme without delay and activities under that programme be funded accordingly. The Committee further resolves to keep the matter active until the Auditor General's Office verifies that the restocking is actualised according to the plan. The Committee will await a progress report on the matter.

ii. Events - K1,513,551

The Controlling Officer submitted that the Ministry held regional and international conferences, workshops on epidemiology events to update or improve knowledge on disease control standards. However, the balance of K1,513,551 funded for regional and international conferences, workshops on epidemiology events were utilised on disease control activities such as anthrax vaccination, backstopping of African swine fever, foot and mouth disease (FMD) and finalisation of *the Animal Health Act, No. 27 of 2010* which were emergencies, in order to combat the outbreaks of diseases.

He further submitted that the conference, workshops and disease control activities mentioned above were all disease control related activities.

Committee's Observations and Recommendations

The Committee expresses disappointment that information was not availed for audit. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to avail information. The Committee also urges the Controlling Officer to take advantage of the audit process and render explanations such as the one given above to avoid the inclusion of such queries in the Audit Report. The Committee resolves to await a progress report on the matter.

iii. Procurement of Motor Vehicles – K1,114,538

The Controlling Officer submitted that the Ministry procured a motor vehicle under general administration instead of varying funds to an appropriate activity which was procurement of motor vehicle.

The Controlling Officer further submitted that his Ministry would endeavour to ensure that correct variations were done on the correct budget lines and authority for any variation was sought from the Secretary to Treasury.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to desist from varying funds without permission from the Secretary to the Treasury. The Committee directs that the expenditure be regularised and verified, subject to which the matter should be closed.

iv. Construction and Rehabilitation of Dip Tanks – K4,112,012

The Controlling Officer submitted that amounts totalling K3,465,852.86 was spent on construction and rehabilitation of dip tanks, drilling of thirty two boreholes in Eastern Province and construction of farmer's shelter and toilets. The Committee was informed that the aforementioned activities were part and parcel of the dip tank construction. For example, the boreholes were a prerequisite as they were used to provide water to the dip

tank. The farmer's shelters and toilets were used for extension services and meetings by the dip tank committee on the usage of the dip tank and animal health.

He also submitted that the difference of K646,160 was spent on other livestock infrastructure development such as, construction of artificial insemination centre and construction of fisheries freezing facilities and rehabilitation of the 3rd floor toilets and office block at the Ministry headquarters. The rehabilitation of the toilets on the 3rd floor of the Ministry headquarters was done as an emergency following the outbreak of cholera and this was recommended by the public health inspectors after they inspected the premises. The building was found to be unsafe for working staff and needed attention.

Committee's Observations and Recommendations

The Committee finds the effort by the Controlling Officer to justify the misapplication totally unacceptable. The Committee contends that no amount of explanation would justify financial misconduct. The Committee, therefore, sternly cautions the Controlling Officer to seek for Treasury Authority when the need to vary the funds arises. The Committee directs that the misapplied funds be refunded without delay and applied on the activities it was meant for. The Committee will, therefore, await for a progress report on the matter.

c. Unaccounted for Stores

The Controlling Officer submitted that the Ministry of Fisheries and Livestock procured equipment meant for use during the 2017 Livestock and Aquaculture Census. The exercise was conducted by the Ministry in conjunction with the Central Statistical Office under the Ministry of National Development Planning.

He further submitted that all the equipment which was procured was delivered to the Central Statistical Office which was given the mandate to conduct and produce the census report. The disposal details for the equipment were with the Central Statistical Office. The auditors were invited to conduct a physical verification of all the equipment and disposal details at Central Statistical Office.

Committee's Observations and Recommendations

The Committee is disappointed that the Controlling Officer appears not to appreciate that any expenditure of funds under his Ministry remains his responsibility, even if in executing the activities his Ministry could have collaborated with other ministries or agencies. In this vein, the Committee directs the Controlling Officer to obtain all the disposal details regarding the procured equipment from Central Statistical Office and to avail them to the Auditor General, for verification without fail. The Committee will await a progress report on the matter.

d. Infrastructure

i. Construction of Chipazu Dip tank in Ncheke Camp and Nyakatokoli Dip Tank in Msoro Camp in Mambwe District

The Controlling Officer submitted that the digging of foundation, concrete works and plastering had already been done while the construction of dripping drainage, soakaways and roofing were still outstanding and yet to be completed.

He further submitted that the Ministry had reengaged the contractor to go back on site and the contractor had since committed himself to go back to Chipazu and Nyakatoli sites on 21st October and 30th November, 2018, respectively and to complete the outstanding works and handover the project by 31st December, 2018.

Committee's Observations and Recommendations

The Committee is disappointed that there is no proper supervision of construction works being undertaken in Eastern Province. The Committee contends that if it had not been for external auditors' exposure, works would have been left incomplete. The Committee, therefore, urges the Controlling Officer to caution staff in the Buildings Department in order to avoid such lapses. The Committee also urges the Controlling Officer to ensure that all the remaining works are completed without any further delay. The Committee will await a progress report.

ii. Rehabilitation of Kapete Dip tank, Chinkuli Dip Tank and Completion of Spray Race at Chieftainess Nkomeshya's Palace in Chongwe District, Lusaka Province

The Controlling Officer submitted that the rehabilitation of crush and holding pens, water trough and waste pit had been done while the other works were still outstanding.

He further submitted that the Ministry engaged the contractor requesting him to go back to site. However, the contractor did not remobilise back to site. Hence, the Ministry was in the process of recommending for termination of the contract and later re-measure and re-advertise the outstanding works.

Committee's Observations and Recommendations

The Committee expresses concern at the poor project supervision in the Ministry of Fisheries and Livestock and wonders whether or not due diligence is taken when awarding contracts. The Committee, therefore, urges the Controlling Officer to ensure that qualified personnel are deployed in all provincial centres to supervise construction works and better manage contracts. The Committee will await a progress report on the termination of the contract and the re-advertising of the outstanding works.

iii. Construction of Milk Collection Centre in Kafubu Block

The Controlling Officer submitted that the Ministry was yet to pay the pending certificate to the contractor to enable him to go back to site and complete the outstanding works. A progress report on this matter would be given in due course.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the completion of outstanding works.

iv. Construction of 3 Dip Tanks at Kapufi, Chisembo/Chozi and Sikalembo in Mbala

The Controlling Officer submitted that the works supervisor under Ministry of Works and Supply wrote to the contractor on the 2nd May, 2018, requesting him to go back on site and complete the outstanding works.

However, the contractor did not remobilise back to site. The Ministry was in the process of recommending for termination of the contract and later re-measure and re-advertise the outstanding works.

Committee's Observations and Recommendations

The Committee will await a progress report on the termination of the contract and the re-advertising of the outstanding works.

v. Construction of Dip Tank at Vincent Bulaya in Mporokoso/Lunte & Lukulu North 1 & 2 Dip Tank in Northern Province

The Controlling Officer submitted that the Ministry was in the process of engaging the contractor to mobilise and go back on site and complete the outstanding works. A progress report on this matter would be given in due course.

Committee's Observations and Recommendations

The Committee is disappointed by the poor management of the contract and the failure by the contractor to construct an all encompassing plunge dip. The Committee resolves to await a progress report on the completion of outstanding works.

vi. Construction of the Artificial Insemination Centre at Mbala District Veterinary

The Controlling Officer submitted that the contractor was on site and the works were ongoing and the auditors would be invited for a physical verification in due course.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the completion of the outstanding works.

vii. A Raised Goat Structure at Jiwundu in Kalumbila/Solwezi

The Controlling Officer submitted that initially the contractor mobilised and cleared the site and erected the poles. The outstanding works of putting the platform and roofing were yet to be completed.

He also submitted that the Ministry was in the process of engaging the contractor to remobilise to site and complete the outstanding works.

He further submitted that his Ministry had engaged the Ministry of Finance on the outstanding contractual obligation towards the contracts.

Committee's Observations and Recommendations

The Committee observes that generally the contract was poorly managed and the attitude by the Ministry towards the implementation of the project is not serious. The Committee sternly cautions the Controlling Officer to be proactive and take disciplinary action against his officers who are causing the wastage of public funds with impunity, by failing to supervise the construction works and allowing the unjustifiable abrogation of the contract.

MINISTRY OF FISHERIES AND LIVESTOCK

AUDIT QUERY	:	PARAGRAPH 51
DEPARTMENT	:	Various
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

46. An examination of accounting and other records maintained at the Provincial and District Fisheries and Livestock Coordinating Offices carried out during the period from March to May, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Missing Payment Vouchers – Serenje DFLCO

The Controlling Officer submitted that the payment vouchers were missing because there was suspected fraud by the responsible officer in question. The officer was suspended on 16th June, 2017 following the allegation of forgery and uttering false documents. The matter was later reported to the Police under the Criminal Investigation Department (Anti-Fraud Unit).

The Committee was informed that according to the Police report dated 10th June, 2018, he was interviewed in connection with the matter and he did not give a satisfactory answer. The Committee was further informed that the officer was later charged and arrested for forgery and uttering false documents and theft by public servant and would appear in court soon.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the outcome of the court case.

b. Unsupported Payments - K43,552

The Controlling Officer submitted as follows:

Muchinga Province

It was regrettable that supporting documents for payments amounting to K17,582 were not availed to the auditors at the time of audit. The documents were misfiled but had since been traced and were available for audit verification.

Lusaka Province

It was regrettable that payments amounting to K25,970 were inadequately supported at the time of audit. Payments in amounts totalling K14,000 in respect of the University of Zambia for two officers had been adequately supported with the receipt; while recoveries for unretired imprest amounting to K1,770 had since been effected from the officer's salary.

The amounts totalling K10,300 were paid to enumerators as training allowance for participating in the livestock and aquaculture census.

Committee's Observations and Recommendations

The Committee expresses concern at the poor record keeping in Muchinga and Lusaka Fisheries and Livestock offices. It, therefore, urges the Controlling Officer to put measures in

place that will augment records management. In this vein and as a deterrent, the Committee urges the Controlling Officer to mete out disciplinary action against all officers who failed to perform their duty of maintaining proper accounting records. The Committee also instructs the Controlling Officer to present the traced documents for verification of the auditor General as it resolves to await a progress report on the recovery of unretired imprest.

c. Weaknesses in the Management of Imprest

a. Unretired Accountable Imprest – K22,086

The Controlling Officer submitted as follows:

Copperbelt Province

It was regrettable that part of the supporting documents for retirement of imprest in amounts totalling K4,394 were not availed for verification at the time of audit. However, the supporting documents were available for audit verification.

Muchinga Province

It was regrettable that imprest in amounts totalling K17,692 issued to two officers was not retired at the time of audit. However, he submitted that imprest in amounts totalling K7,297.31 had since been compiled and retired while the balance in amounts totalling K10,394.69 had been effected as recovery from the officer. The documents were available for audit verification.

He further submitted that responsible officers had since been verbally cautioned and in writing.

Committee's Observations and Recommendations

The Committee expresses concern at the disciplinary action taken against the erring officers as the action is not commensurate to the offences committed. It has also noted that record keeping in Muchinga and Copperbelt Provinces is poor. The Committee, therefore, urges the Controlling Officer to put in place measures that will augment records management. It also urges him to mete out appropriate disciplinary action against the officers in line with the applicable regulations. The Committee will await a progress report.

b. Irregular Use of Accountable Imprest – K41,630

The Controlling Officer submitted as follows:

Western Province

It was regrettable that accountable imprest amounting to K2,500 was used to procure show exhibits and printing of theme interpretation and production trends without prior authority. However, the responsible officer had since been verbally cautioned to desist from using accountable imprest to procure goods.

Central Province

It was regrettable that imprest was used to procure goods. However, the responsible officers had since been cautioned for failure to adhere to the Financial Regulations.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to desist from violating Financial Regulation No. 86 (c) with impunity. The Committee however, resolves to close the matter.

c. Payment of Imprest for Trip not Undertaken – Mongu PFLO - K20,015

The Controlling Officer submitted that the trip was undertaken and the reports had since been compiled and were available. Further, the responsible officers had since been verbally cautioned for not having produced the activity reports at the time of audit.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission unacceptable in that it is very reactive to the external audit. This brings into question the authenticity of the compiled and available documents. The Committee, therefore, urges the Controlling Officer to actively monitor the activities of officers who are issued with imprest in order to avoid such queries. The Committee however, resolves to close the matter subject to audit verification.

d. Failure to Produce Activity Reports

The Controlling Officer submitted as follows:

Lusaka District

It was regrettable that the activity report for the trip was not availed to the auditors at the time of audit. The Ministry had since recovered the full amount paid to the officer. Further, the officer had since been cautioned in writing for not producing the activity reports on time.

Luangwa District

It was regrettable that the activity reports for the trips undertaken were not availed to the auditors at the time of audit. However, the reports had since been compiled and were available for verification.

Further, the three responsible officers had since been verbally cautioned for not having produced the activity reports on time.

Committee's Observations and Recommendations

The Committee is disappointed that officers can fail to prepare activity reports and calls for more stern disciplinary action to be taken against them. The Committee resolves to await a progress report on the matter.

d. Irregular Payments - Subsistence and Meal Allowances - K68,105

The Controlling Officer submitted as follows:

Western Province

Meal allowances were paid to officers in Sikongo and Kalabo districts to carry out various activities in various places covering over 80 km and spent the first day carrying out the activities. Further, subsistence allowances were paid to some officers who spent nights after

sensitising farmers the whole day and encouraged them to bring their animals for inspection and blood sampling for disease control, the following day.

Luapula Province

It was regrettable that subsistence and meal allowances were paid to officers to undertake activities within district boundaries contrary to Cabinet Circular Minute of 2015. However, he submitted that recoveries from the erring officers had since been effected and the officers had been verbally cautioned.

Muchinga Province

Subsistence and meal allowances were paid to officers in Chinsali, Mpika and Isoka to carry out various activities in various districts and camps covering as far as 244 km, 314 km and 214 km round trips, respectively. Further, the officers spent over eight hours a day to carry out the activities.

The Ministry was still compiling the national scenario to identify areas that should be considered for authority to be receiving subsistence and meal allowances for activities undertaken within district boundaries due to the vastness and difficult terrain of the areas as guided by the Committee in its report, for the Second Session of the twelfth National Assembly.

Committee's Observations and Recommendations

The Committee re-echoes its previous observation that despite the vastness of some areas where officers are required to operate from, payment of subsistence and meal allowances is only allowed for activities undertaken within a district boundary, in line with Cabinet Circular Minute of 2015 dated 30th December, 2015. Therefore, the Controlling Officer is urged to ensure strict adherence to the regulation regarding the payment of subsistence and meal allowances. The Committee also urges the Controlling Officer to institute recoveries for all allowances paid irregularly and mete out disciplinary action against the officers who authorised these payments. The Committee will await a progress report.

e. Weaknesses in Management of Stores

i. Unaccounted for Stores

The Controlling Officer submitted as follows:

Eastern Province

It was regrettable that receipt and disposal details for general stores and fuel were not availed to the auditors during the time of audit. However, receipt and disposal details for the general stores amounting to K2,640 and fuel amounting to K6,650 had since been compiled and were available for verification.

The officers had since been verbally cautioned to ensure that all documents were availed to the auditors during the time of audit.

Western Province

It was regrettable that receipt and disposal details for general stores and fuel were not availed to the auditors during the time of audit.

However, the receipt and disposal details for the general stores in amounts totalling K14,360 and fuel amounting to K123,436 had since been compiled and were available for verification. The officers had since been verbally cautioned to ensure that all documents were availed to the auditors during the time of audit.

Lusaka Province

It was regrettable that receipt and disposal details for general stores and fuel were not availed to the auditors during the time of audit. However, receipt and disposal details for fuel amounting to K16,722 had since been compiled and were available for audit verification.

The officers had since been verbally cautioned to ensure that all documents were availed to the auditors during the time of audit.

Committee's Observations and Recommendations

The Committee is disappointed that the Ministry failed to provide accountable documents at the time of audit. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to provide documents to the auditors. The Committee urges the Auditor General to verify the documents as it resolves to await a progress report on the matter.

ii. Unauthorised Fuel Drawings – Lusaka PFLCO

The Controlling Officer submitted that supporting records of authority to draw fuel had been compiled and were available for verification.

The officers had since been verbally cautioned to ensure that all documents were availed to the auditors during the time of audit.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and put measures in place that will ensure that accountable documents are made available to the auditors. It however, recommends that the Controlling Officer takes disciplinary action against officers who are failing to keep accounting records properly. The Committee will await a progress report on the matter.

f. Weaknesses in Asset Management

i. Failure to Insure Motor Vehicles

The Controlling Officer submitted that the districts were not adequately funded for the period under review to pay all the obligations. As a result, the above mentioned districts were unable to insure all the motor vehicles and motor cycles. However, he also submitted that he had verbally cautioned the officers to prioritise the insurance of all assets before other planned activities were undertaken.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to ensure that all the motor vehicles and motor cycles are insured without fail. The Committee will await a progress report on the matter.

ii. Failure to Mark Government Property

The Controlling Officer submitted that the office equipment and furniture costing K20,830 had been inscribed with GRZ identification marks, after the time of audit. Therefore, the auditors were being invited for a physical verification of the assets in the four above named station.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

iii. Failure to Surcharge an Officer for Lost Laptop – Rufunsa DFLCO

The Controlling Officer submitted that a laptop was stolen from one of the Ministry's officers as indicated in the police report dated 11th June, 2018. The investigation was still on-going and a progress report would be given once the investigation was concluded.

Committee's Observations and Recommendations

The Committee will await a progress report on the outcome of the investigations.

g. Failure to Remit Tax – K121,407

The Controlling Officer submitted that the failure to remit tax deducted from part payments made to retirees to the Zambia Revenue Authority, during the period under review, was regrettable.

The Committee was, however, informed that unremitted funds amounting to K5,916.30 under Lusaka had since been remitted while the remaining balance of K9,431.70 due to Zambia Revenue Authority would be paid once sufficient funding for other personal emoluments was received.

He further submitted that for Central, Western and Copperbelt Provinces, the officers responsible had been verbally cautioned for this omission. The outstanding unremitted funds would be settled once the provinces received the next funding for other Personal Emoluments.

Committee's Observations and Recommendations

The Committee is extremely disappointed with the tendency by the Ministry of Fisheries and Livestock to misapply funds with impunity. It finds it unfortunate that tax which was deducted in full could not be remitted accordingly. The Committee, therefore, censures the Controlling Officer and prods him to ensure prudence and accountability in the management of funds. The Committee will await a progress report on the remittance of the outstanding taxes amounting to K9,431.70.

h. Weaknesses in Management of Census Funds

i. Holding of Workshops without Authority

The Controlling Officer submitted that authority to hold workshops outside Government facilities in Southern and Western Provinces was sought for from Secretary to the Cabinet dated 9th August, 2017.

Committee's Observations and Recommendations

The Committee bemoans the poor record keeping in the Ministry. However, it recommends the matter for closure subject to audit verification.

ii. Unaccounted for Fuel – Lusaka PFLCO

The Controlling Officer submitted that the non availability of receipt and disposal details during the time of audit was regrettable. However, the receipt and disposal details had been compiled and were available for audit verification.

The officers had since been verbally cautioned to ensure that all documents were availed to the auditors during the time of audit.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

Committee's General Observations and Recommendations

After interacting with the Controlling Officer in the Ministry of fisheries and Livestock, the Committee observes the following:

- a. the Controlling Officer seems to misapprehend his role to be that of making Financial Regulations when he is merely expected to implement them as they are. As a result, he attempts to justify misapplication and irregular payments;
- b. poor supervision of infrastructure projects;
- c. weak evaluation of contractors to undertake infrastructure projects; and
- d. poor records keeping.

In light of the above, the Committee, therefore, urges the Secretary to the Treasury to take disciplinary action against the Controlling Officer for flouting Financial Regulations. The Committee, however, urges the Secretary to the Treasury to take keen interest in the operations of the Ministry to strengthen the supervision of infrastructure projects and the evaluation of contractors and augment record keeping. The Committee will await a progress report on the matter.

MINISTRY OF AGRICULTURE

AUDIT QUERY	:	PARAGRAPH 52
UNITS	:	Various
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

47. An examination of accounting and other records maintained at the Ministry and physical inspections of projects in selected districts carried out from February to April, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Housing Allowances Paid to Officers in Institutional Houses - K464,732

The Controlling Officer submitted that the Ministry had instituted recoveries from twenty-four officers out of the fifty-two who were reported not to be eligible to receive Housing

Allowance. One officer affected was retired and the monies would be recovered from his terminal benefits; because the officer was not on the payroll. Further, fifteen officers were confirmed to be living in houses which did not meet the definition of a standard house as stipulated in the Public Service Management Division Circular No. B7 of 2010. Therefore, the officers were not considered as accommodated. The dilapidated houses in question had been recommended for demolition by the Ministry of Works and Supply.

The remaining twelve officers were not accommodated in institutional houses in the year under review, and therefore, were entitled to receive the Housing Allowance. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee recommends that in addition to instituting recoveries, the Controlling Officer should institute disciplinary action against the officers who authorised these irregular payments. Furthermore, the Committee cautions the Controlling Officer to ensure adherence to the provisions of the Public Service Management Division, Circular No. B2 of 2010, by all officers in his Ministry, henceforth. The Committee will await a progress report on the matter.

b. Infrastructure Development

i. Construction of an Office Block – Kapiri-Mposhi

The Controlling Officer submitted that the Ministry, through the District Agricultural Co-ordinator, had written to the contractor and requested him to return to site. In his response of March, 2018, the contractor explained that the delay in completion of the construction of the office block was due to lack of funds. The Controlling Officer stated that the Ministry had requested the Ministry of Finance to pay outstanding certificates to the contractor. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and recommends that the Controlling Officer should re-engage the Ministry of Finance on the need to expedite the payment of outstanding certificates to the contractor. The Committee awaits a progress report on the matter.

ii. Construction of an Office Block – Mkushi

The Controlling Officer informed the Committee that the contractor had completed the remaining works of fitting tiles, doors, floor/wall finishes, external works and the external water reticulation. However, the works on soil drainage and manholes were awaiting the payment of the balance to the contractor. The Ministry would prioritise the payment of the outstanding balance of K117,515 to the contractor once funded. Supporting documents were available for audit verification.



Current Status of Office Block as at 24/09/2019

Committee’s Observations and Recommendations

The Committee notes the submission and recommends that the Controlling Officer should re-engage the Ministry of Finance to expedite the payment of outstanding certificates to the contractor. The Committee awaits a progress report on the matter.

iii. Construction of Office Block – Zimba District

The Controlling Officer informed the Committee that the contractor was back on site to complete the construction of the office block after the Ministry engaged him. Following return to site, the contractor had completed the plastering, flooring, plumbing and glazing works; and had written a letter of commitment. Supporting documentation was available for audit verification.



Current Status as at 22/10/18

Committee’s Observations and Recommendations

The Committee notes that the Ministry has not stated the reason why the contractor abandoned the project, thereby delaying its completion further. The Committee urges the Controlling Officer to follow up the matter and ensure that the project is completed without further delay, especially that it is over 50 percent complete. The Committee will await a progress report on the matter.

iv. Construction of Office Block - Pemba District

The Controlling Officer informed the Committee that the contractor had left the site after completing the super structure. Regarding the variation of the contract, the correct

procedure was not followed and therefore, the contractor was informed of the nullification of the variation, and advised to follow the correct procedure. Supporting documentation was available for audit verification.



Current Status of the Same Office Block in pictures

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that the contractor returns to site to complete the project. Further, the Controlling Officer should institute disciplinary action against the officers who authorised the variation of the contract without following the appropriate procedure and submit all relevant documentation to the Auditor General for verification. The Committee will await a progress report on the matter.

v. Construction of Guest Rooms at Farmer Training Centre – Monze District

The Controlling Officer informed the Committee that the status of the project had remained the same. The Ministry wrote to the contractor requesting him to go back to site. However, the contractor could not return to site citing the lack of funds due to non-payment of outstanding certificates in amounts totalling K79,418. The Controlling Officer stated that the Ministry of Agriculture had requested the Ministry of Finance to release funds for the outstanding certificates. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and recommends that the Controlling Officer should re-engage the Ministry of Finance on the need to expedite the payment of outstanding certificates to the contractor. The Committee awaits a progress report on the matter.

MINISTRY OF AGRICULTURE – AGRIBUSINESS AND MARKETING DEPARTMENT

AUDIT QUERY : **PARAGRAPH 53**
PROGRAMME : 1377 FISP electronic Voucher Pilot
ACTIVITIES : Various

Accounting and Other Irregularities

48. An examination of accounting and other records maintained at the Ministry Headquarters,

PACOs and selected DACOs and farmer co-operatives carried out from February to June, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Weaknesses in the Administration of Participating Banks and Other Service Providers

i. Failure to Print and Deliver E-Voucher Cards

The Controlling Officer submitted that although 74,089 e-voucher cards were not delivered, all the affected farmers were made to redeem their inputs using the cardless modality.

Regarding the 236,411 biometric cards, the Controlling Officer explained that Paycode Zambia Limited registered 157,990 and opened accounts for 34,112, bringing the total to 192,102 farmers. Another service provider, Mobile Payment Solutions, registered 35,828 farmers. The two service providers, therefore, registered a total of 227,930 farmers leaving a balance of 8,481 farmers who did not show up to register for the farming season. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

The Committee notes the submission by the Ministry and directs the Controlling Officer to provide all relevant documentation to the Auditor General for audit verification, subject to which the matter should close.

ii. Outstanding Payments to Participating Banks and Other Service Providers

The Controlling Officer explained that the delay in paying the participating banks was due to inadequate funding from the Treasury. The latest position was that the Ministry had paid K366,812 to Indo Zambia Bank, K1,000,000 to Mobile Payment Solutions; and K4,000,000 to Paycode Zambia Limited. The payment vouchers were available for audit verification. The balances would be paid as funds were made available to the Ministry. The balances are tabulated below.

Institution	Cards Produced 2017/2018	Contract Sum K	Date Contract Signed	Payments to Date K	Balance K
ZANACO	49,066	1,336,754	22.11.17	1,336,754	-
UBA	30,351	1,572,182	20.10.17	1,572,182	-
BANC ABC	27,920	944,254	22.12.17	944,254	-
ECO Bank	13,440	551,040		551,040	-
Barclays Bank	34,410	1,514,040		1,514,040	-
Indo Zambia Bank	30,315	1,515,750	23.10.17	1,515,375	-
Other Service Providers					

Mobile Payment Solutions	39,366	16,357,817	20.10.17	14,089,454	2,268,363
Paycode Zambia Ltd	197,045	32,345,180	20.10.17	21,971,058	3,374,122
Total	421,913	56,137,017		50,494,532	5,642,485

Committee's Observations and Recommendations

The Committee notes that the banks have been paid in full. However, the Committee expresses concern at the Ministry's failure to pay the other service providers for printing and delivery of e-voucher cards on time. This has the potential to negatively affect the service providers' willingness to participate in the Programme. The Committee recommends that the Controlling Officer engages the Secretary to the Treasury to ensure that measures are put in place to pay the service providers on time to avoid jeopardising the Programme. The Committee further recommends that the Ministry should settle the balances without further delay. The Committee will await a progress report on the matter.

b. Irregularities in Loading of E-Voucher Cards

i. Delayed Loading of E-Voucher Cards with Farmer's Contributions

The Controlling Officer explained that the delay in uploading the farmer contributions was mainly caused by the lack of integration between the banks' system and the Zambia Integrated Agricultural Management Information System (ZIAMIS) and between the banks' system and the offline service providers. This led to deposits not being confirmed in time on ZIAMIS. However, the farmers did access the inputs.

Committee's Observations and Recommendations

The Committee notes the submission by the Controlling Officer on the lack of integration of systems amongst the key service providers. The Committee reiterates that delays in accessing of inputs by farmers can negatively affect the farmers' productivity. For this reason, the Committee recommends that the Ministry engages the banks on the matter in order to find a lasting solution to the delay in loading e-voucher cards. The Committee will await a progress report on the matter.

ii. Failure to Load E-Voucher Cards - K61,612,000

The Controlling Officer submitted that the failure to load the e-voucher cards was due to the absence of direct integration between the banks and ZIAMIS. When the Ministry issued the Authority to Upload (ATU), not all upload confirmations/feedback were done, and hence, the failure to load 154,030 farmers' cards. However, the farmers redeemed their inputs using the cardless system.

Committee's Observations and Recommendations

The Committee continues to express concern at the lack of systems integration between the banks and ZIAMIS, which has been cited as the reason for the failure to load the e-voucher cards. The Committee is of the view that it is unfair to allow the lack of systems integration to negatively affect the eligible farmers who are not responsible for it. The Committee recommends that the Ministry engages the banks on the problem of lack of

systems integration in order to find a lasting solution and ensure that the failure to load e-voucher cards does not recur. The Committee will await a progress report on the matter.

iii. Farmers on the Authority to Upload Databases without Evidence of Deposits from Commercial Banks

The Controlling Officer submitted that some of the farmers' deposits could not reflect on the FISP bank account, despite the ATU showing in ZIAMIS. This was due to the following reasons:

- a) there were group deposits received through the proxy bank, Atlas Mara, which could only show a bulk deposit of, for example, K4,400 representing eleven farmers on the FISP account. However, these group deposits were broken down by the contracted bank - Barclays Bank using the Authority to Deposit (ATD) number to check and verify the identities of the eleven farmers; and
- b) some National Registration Card numbers were wrongly captured at the point of deposit. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee directs the Controlling Officer to submit evidence that each farmer had made his/her contribution of K400 to the Office of the Auditor General, for verification. The Committee will await a progress report on the matter.

iv. Beneficiaries Not on the Approved List

The Controlling Officer explained that the farmers concerned were on the beneficiary list, and that the mismatch was as a result of the lack of integration between ZIAMIS and the bank systems. To correct this, all service providers had since been integrated into ZIAMIS for the 2018/2019 farming season. The letters from the respective banks showing the breakdown of the farmers were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the Controlling Officer's response and hopes that the action taken of integrating all service providers into ZIAMIS is a lasting solution to the queries allegedly linked to the lack of integration between systems. The Committee recommends that the matter be closed subject to audit verification.

v. Inclusion of Non-Zambians on the List of Beneficiaries – Kapiri-Mposhi

The Controlling Officer submitted that the farmers concerned were Zimbabweans who had settled and integrated into the community, and were issued with National Registration Cards. The farmers were deemed to be eligible beneficiaries as the Farmer Input Support Programme Implementation Manual of 2017 did not discriminate. Copies of sample NRCs were available for scrutiny.

Committee's Observations and Recommendations

While appreciating the observation by the Controlling Officer that the Farmer Input Support Programme Implementation Manual of 2017 does not discriminate, the Committee contends that any programme funded from tax payers' money should first target Zambians themselves and ensure universal coverage before extending the participation to other nationals. In this regard, the Committee recommends that the policy

be revised explicitly to target Zambians only. The Committee will await a progress report on the matter.

c. Deposits by Farmers Not on the Approved List

The Controlling Officer submitted that the Ministry had observed that the deposits received from the farmers by two banks had incorrect narrations that could not match the ZIAMIS database. This was due to suspected capturing of wrong NRC numbers at district level during the farmer registration exercise. This also applied to the farmers not appearing on the approved list. The Ministry and Smart Zambia had continued working on the issues. The records from the districts had been updated to include other farmers who were eligible. The Ministry was aware of the problem and had requested the respective banks to mop up the money so that the Ministry could facilitate the reimbursement of the deposits to the farmers not on the approved lists. The documents showing the reversals were available for audit verification.

Committee's Observations and Recommendations

The Committee remains hopeful that despite the reported system challenges, the upgraded e-voucher system will bring about the harmonised record keeping necessary to effectively implement the programme. In view of this, the Committee calls on the Ministry of Agriculture to continually monitor the performance of the system in an effort to deal with system challenges such as the ones explained in the response. The Controlling Officer is further urged to ensure that the farmers concerned are reimbursed without delay and to submit all relevant documents for verification. The Committee will await a progress report on the matter.

d. Duplication of Deposits at Participating Banks

The Controlling Officer submitted that there were farmers who deposited twice. However, the ZIAMIS system could only confirm one deposit. The duplicate uploads were reversed by the banks and the farmers would be refunded. The Government did not lose any money as the mistake was on the banks' side. The documents showing the reversals were available for audit verification.

Committee's Observations and Recommendations

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

e. Irregularities in Loading of Farmers E-Voucher Cards with Government Contribution

i. Failure By Government to Release All the Funds

The Controlling Officer submitted that the failure to release all the funds to the farmers was due to inadequate funding by the Treasury. The Controlling Officer stated that the Ministry would settle the balance as soon as it was funded. However, a provision was made for the farmers to collect their inputs from agro-dealers.

Committee's Observations and Recommendations

The Committee is disappointed by the Government's failure to release all the funds to the farmers as that is at variance with the original aim of FISP of improving access to inputs

by small scale farmers. The Committee wishes to stress that inadequate funding negatively affected farmers who might have failed to access inputs at the appropriate time in the farming season. Therefore, the Committee strongly recommends that the Government considers ring-fencing funding to FISP and endeavours to release the funds in full. The Committee will await a progress report on the matter.

ii. Failure to Load Farmers E-Voucher Cards with Government Contribution - K340,046,400

The Controlling Officer informed the Committee that there was a time lag between the ATU Government contribution and the actual uploading of funds on the farmers' e-voucher cards by the banks. This was due to inadequate funding and delayed release of funds by the Treasury. The Ministry had continued to load the Government contribution as funds were made available and the latest balance was K145,605,337.

Committee's Observations and Recommendations

The Committee is deeply concerned at the perennial problem of inadequate funding and delayed release of funds by the Treasury to FISP. The Committee wishes to reiterate its recommendation that the Government should consider ring-fencing funding to FISP and endeavour to release the said funding timely to enable the farmers access the inputs on time. The Committee resolves to close the matter subject to audit verification.

f. Failure to Return Unredeemed Funds – K28,402; K164

The Controlling Officer informed the Committee that the Ministry had written to the affected banks and Paycode Zambia Limited, requesting them to return the unredeemed funds because the farming season closed on 31st August, 2018. All the banks had since returned the funds while Paycode Zambia Limited was in the process of doing so.

Committee's Observations and Recommendations

The Committee notes the response and directs that measures be taken by the Government to make it mandatory for service providers under the e-voucher programme to automatically return unredeemed funds at the end of the season without delay, failure to which penalties should be imposed against them. The Committee awaits a progress report on the matter.

g. Farmers with Expenditure Exceeding the Redeemable Amount

The Controlling Officer submitted that after further investigations between the Ministry and the Zambia National Commercial Bank (ZANACO), it was established that the carry forward balances were not due to farmers exceeding the redeemable K2,000 limit as the 126 farmers spent within the limit of K2,000. Instead, some cards were showing excessive expenditure because there was a duplicate claim by the acquiring bank that owned the merchant terminal where the cards were swiped. ZANACO resolved the matter by claiming back the funds and normalised the statements. The other card that was showing exceeded expenditure was reversed with no financial impact on Government. Supporting documents from ZANACO were available for audit verification.

Committee's Observations and Recommendations

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

h. Outstanding Payments to Suppliers

The Controlling Officer submitted that as at 23rd November, 2018, the revised outstanding interest amounts were as shown in the table below.

S/No.	Company	Contract Amount USD	Contract Amount K	Invoiced Amount K	Payments K	Balance K
	Seed Suppliers					
1	MRI Seed		33,883,077	33,883,077	32,604,430.69	1,278,646.31
2	Zamseed		62,614,892	59,235,295	53,006,853.02	6,228,441.98
3	Panner	4,768,306	54,835,523	54,835,523	54,835,523.48	-
4	Seed Co	5,352,597	61,780,843	60,979,868	60,979,868	-
5	Pioneer DuPont	4,581,856	52,691,344	52,691,344	52,691,344	-
6	Kamano Fertilisers Suppliers		33,886,930	33,886,930	33,886,930	-
7	Zambian Fertilizers	10,645,301.60	106,453,016.00	106,453,016.00	97,980,263.84	8,472,752.16
8	Nitrogen Chemicals of Zambia		821,467,634.37	821,467,634.37	821,467,634.37	-
		Total				16,241,447.29

The Controlling Officer explained that the contract signed with the suppliers of agricultural inputs had a clause providing for charging of interest on delayed payments to suppliers, hence the accumulated interest. The balance would be paid once the Treasury released the funds. However, the Ministry would endeavour to consistently engage the Treasury for resources to pay suppliers on time, in order to avoid accumulation of interest and delayed payment. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee agrees with the Office of the Auditor General that the expenditure towards payment of interest is wasteful and can be avoided by simply paying the suppliers on time. The Committee recommends once again that the Government should consider ring-fencing funding to FISP and endeavour to release the funds timely as a lasting solution. The Committee also recommends that to stop the interest balance from accumulating further, the Ministry should expeditiously source funds to pay the outstanding interest. The Committee will await a progress report on the matter.

i. Beneficiaries Not Belonging to Registered Farmer Groups and Co-operatives

The Controlling Officer submitted that the registration certificates for farmer groups and co-operatives, which were not availed at the time of audit because of misfiling, were available for audit verification.

Committee's Observations and Recommendation

The Committee cautions the Controlling Officer for the failure to avail documents at the time of audit and urges him to improve record keeping in the Ministry. The Controlling Officer

should also institute disciplinary action against the officers who caused the query and submit all relevant documents to the Auditor General for verification. The Committee awaits progress report on the matter.

j. Copperbelt Province

i. Failure by an Agent to Deposit Farmer Contributions – Lufwanyama

The Controlling Officer informed the Committee that the thirteen farmers had their contributions reimbursed by the MTN agent. The agent had since been blacklisted from participating in FISP as per submitted supporting documentation, which was available for audit verification.

Committee’s Observations and Recommendations

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

ii. Failure to Issue Inputs – Mufulira

The Controlling Officer submitted that fourteen out of the thirty-two farmers had accessed the inputs, leaving a balance of eighteen farmers who were yet to access the inputs from the three agro dealers. Upon consultation with the bank concerned, it was established that the funds for the eighteen farmers were transferred to the agro-dealers’ accounts, who were supposed to allow the affected farmers to collect their inputs. Supporting documentation was available for audit verification.

Committee’s Observations and Recommendations

The Committee contends that the behaviour by the agro dealers was due to inadequate monitoring and supervision of their performance by the Ministry. The Committee recommends that the Ministry should implement measures to ensure that challenges such as those relating to operational systems do not affect the farmers’ timely access to inputs once they meet the eligibility criteria. The Committee further urges the Controlling Officer to supervise suppliers of inputs and to ensure that they provide services as per agreed guidelines. In addition, the Committee directs that all relevant documentation should be submitted to the Auditor General for verification, subject to which the matter should close.

k. Central Province

i. Unqualified Farmer Groups/Co-operatives

The Controlling Officer informed the Committee that a sample of registration certificates for the farmer groups and co-operatives were available for verification.

Committee’s Observations and Recommendations

In noting the Controlling Officer’s response, the Committee reiterates that the Ministry of Agriculture should only authorise farmer groups that meet the eligibility criteria to participate in FISP and recommends the matter for closure subject to audit verification.

ii. **Deposits Not Reflecting on Bank Statements - K2,392,800**

The Controlling Officer submitted that the deposits concerned were group Authority to Deposit (ATD) deposits for farmers belonging to a specific ATD and they could not be identified on the statements because of the narration Banc ABC used. The bank had since provided more information on the matter. Supporting documents were available for audit verification.

Committee's Observations and Recommendation

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

iii. **Irregular Deposits - K9,600**

The Controlling Officer submitted that the beneficiaries concerned belonged to the farmer groups and cooperatives. Furthermore, the Controlling Officer explained that the ATD could have multiple co-operatives and therefore, the farmers concerned were eligible to participate in FISP.

Committee's Observations and Recommendation

The Committee directs the Controlling Officer to submit relevant documents to the Auditor General for verification, subject to which the matter should close.

I. Failure to Supply Legume Seeds - Chisitu Co-operative – Eastern Province

The Controlling Officer submitted that the issuing of legume seed to beneficiary farmers was suspended before the end of the season, and the Ministry wrote to Provincial Agriculture Coordinators to allow the affected farmers to access inputs through registered agro-dealers. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken and resolves to seek an update on whether the affected farmers did in fact access the seeds.

MINISTRY OF AGRICULTURE

AUDIT QUERY	:	PARAGRAPH 54
UNITS	:	Various
PROGRAMME	:	Personal Emoluments
ACTIVITIES	:	Various

Accounting and Other Irregularities

49. When accounting and other records maintained at the Ministry of Agriculture Headquarters, Provincial Agriculture Coordinating Offices (PACOs) and District Agriculture Coordinating Offices (DACOs) were examined during the period from January to June, 2018, various irregularities were noted, to which the Controlling Officer responded as outlined below.

a. **Misplacement of Payroll Area**

The Controlling Officer submitted that the total number of officers involved was twenty-nine and not thirty as reported by the auditors, as one was duplicated. The query arose as a result of the creation of new districts (Luano, Ngabwe and Chitambo) and the re-alignment of the

Ministries of Agriculture, and Fisheries and Livestock. The Ministry of Agriculture had since placed all the misplaced officers in their respective stations. The officers under the Ministry of Fisheries and Livestock had since been moved to the Provincial Administration payroll. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed that the Controlling Officer did not take action until an audit query was raised, which is an indication of being reactive. The Committee is further disappointed that the query has been recurring since 2015, despite the previous Committees' recommendations on the matter. In light of this, the Committee recommends that the Ministry should be proactive by ensuring that the payroll is verified and reconciled by an officer each from administration, audit and accounts units, before cheques are distributed in accordance with Financial Regulation No. 73. Further, the Controlling Officer should take disciplinary action against the officers who failed to reconcile the payroll and submit all relevant documents to the Auditor General for verification. The Committee resolves to await a progress report on the matter.

b. Overpayment of Salaries – K59,307

The Controlling Officer explained that out of the six officers who were reported to have been overpaid salaries amounting to K59,307, three were promoted to the salary scales in which they were serving and were drawing correct salaries. The remaining three officers were placed in wrong salary scales, but the anomaly had since been corrected. The officers concerned had been cautioned and recoveries had been instituted from their salaries. Payslips were available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed yet again that the Controlling Officer did not take action until an audit query was raised, which is an indication of being reactive. The Committee is further disappointed with the dishonest behaviour of the officers who failed to report the overpayment in order to correct the error. However, the Committee takes note of the action taken to normalise the matter and urges the Controlling Officer to be proactive by conducting regular payroll monitoring and supervision for timely identification of erroneous payroll entries. The Committee further recommends that the Controlling Officer should take disciplinary action against the officers who authorised the placement of officers in wrong salary scales. The Committee resolves to await a progress report on the matter.

c. **Payment of Hardship Allowances to Ineligible Employees – K315,870**

Province	No. of Officers	Rural Hardship K	Remote Hardship K	Total K	Status/Action taken
Muchinga	24	194,616	-	194,616	The Controlling Officer submitted that payment of the allowance had been stopped and recoveries had been effected from the twenty-four officers cited. Pay slips were available for audit verification.
Central	2	14,964	-	14,964	The Controlling Officer submitted that the two officers concerned had been warned and recoveries had been effected. Payslips and warning letters were available for audit verification
Lusaka	15	106,290	224	106,514	The Controlling Officer submitted that recoveries had been instituted from the fourteen officers. Payslips were available for audit verification
Total	41	315,870	224	316,094	

Committee's Observations and Recommendations

The Committee contends that this query is an indication that the Ministry's internal control systems are weak, hence the failure to adhere to the provisions of the Public Service Management Division Circular No. B6 of 2010. The Committee, therefore, recommends that the Ministry should strengthen its internal control systems such as the human resource and administration, internal audit and accounts to ensure that there is effective payroll management. The Committee further urges the Ministry to always comply with relevant circulars from Cabinet Office that provide guidance on the payment of such allowances. In addition, the Controlling Officer should take disciplinary action against the officers who authorised these irregular payments and submit all relevant documents to the Auditor General for verification. The Committee will await a progress report on the matter.

d. **Payment of Remote instead of Rural Hardship Allowances - Muchinga Province - K4, 656**

The Controlling Officer submitted that the error had been corrected. The K4,656 was being recovered and payslips were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken but contends that the failure to identify the irregularity before the audit process is tantamount to dereliction of duty by the officers responsible. The Committee strongly recommends that the Controlling Officer should take disciplinary action against all officers responsible for this lapse. The Committee resolves to await a progress report on the matter.

e. Irregular Payment of Housing Allowances - Central Province - K53,175

The Controlling Officer submitted that the Ministry had instituted recoveries from the eight officers who were paid irregular housing allowances and had charged them for not reporting the irregular housing allowance on their payslips. Payslips and the charge letters were available for audit verification.

Committee's Observations and Recommendations

The Committee reiterates that the failure to identify the irregularity before the audit amounts to dereliction of duty by the officers responsible. The Committee strongly recommends that the Controlling Officer should take disciplinary action against all officers responsible for this lapse. The Committee resolves to await a progress report on the matter.

f. Failure to Recover Salaries Paid to Separated Officers - K194,390

The Controlling Officer submitted that the money paid to the separated officers would be recovered from their terminal benefits. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee recommends that the Controlling Officer takes disciplinary action against the officers responsible for the failure to recover the salaries. The Committee awaits a progress report on the matter.

g. Irregular Payment of Salaries to a Seconded Officer - Muchinga Province - K44,305

The Controlling Officer explained that the officer concerned went on secondment in October, 2017 and drew salaries in amounts totalling K44,305 during the period October to December, 2017 as a Ministry of Fisheries and Livestock Officer. The delay in terminating the officer from the payroll was because the officer was physically operating from the Ministry of Fisheries and Livestock following the realignment of the two Ministries. The Ministry of Agriculture was notified late about the officer's secondment. However, the Ministry of Agriculture had written to the Permanent Secretary, Ministry of Health to recover the irregularly paid salaries as the officer was appearing on their project payroll; and not the Government payroll. The letters to the officer and the Permanent Secretary, Ministry of Health were available for verification.

Committee's Observations and Recommendations

The Committee notes with displeasure the failure by the officer cited in the query to report the irregularity despite him being an established officer, who should be well versed in the provisions of the Terms and Conditions of Service for the Public Service. The Committee recommends that disciplinary action be meted out against the officer cited. The Controlling Officer should further follow up the matter with the Ministry of Health and ensure that the funds irregularly paid are recovered in full without delay. The Committee awaits a progress report on the matter.

h. Failure to Terminate the Salary from the Payroll for a Convicted Officer – Kalabo District Agricultural Coordinator

The Controlling Officer submitted that the officer was removed from the payroll with effect from 31st December, 2017. The casualty form (terminal leave assessment form) for the officer concerned was prepared and the paid salaries in amounts totalling K35,868 had been

deducted from his terminal leave benefits. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and recommends that disciplinary action be taken against officers who failed to ensure that the irregular payment of the salary was stopped and the officer was removed from the payroll. The Controlling Officer should further submit the relevant documents to the Auditor General for verification. The Committee will await a progress report on the matter.

i. Misapplication of Funds – Western Province - K110,806

The Controlling Officer submitted that the funds were borrowed from the revolving account to facilitate activities that were urgent in nature at the time. The borrowing was necessitated by the lack of funds during the period under review. The funds were for purposes of undertaking the activities outlined below.

- a) Head count of staff from all districts as required by the Ministry Headquarters;
- b) Delivery of the said staff data to the Ministry Headquarters;
- c) Relocation of PACO's office from the Ministry of Fisheries and Livestock to PACO's office block – this entailed renovations and painting of some of the offices, water reticulation and some installations;
- d) Attending the Copperbelt Provincial Expo - as part of the exchange of ideas on the shows; and
- e) Attending the National Agricultural Show – as funds allocated for the Show were not adequate to cater for the officers attending.

The Controlling Officer stated that the funds were borrowed with the view to reimbursing once funds under Recurrent Departmental Charges (RDCs) were made available. Unfortunately, the situation during the period did not improve, hence the failure to pay back the funds.

The Provincial Agricultural Coordinator was cautioned and warned against taking unilateral decisions without authority from the Controlling Officer. The Province had been directed to pay back the funds once the Treasury released funding. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken and recommends that the Controlling Officer metes out disciplinary action against any officer who is involved in misapplication of public funds. The Controlling Officer should further ensure that the funds are reimbursed and applied on the activities they were intended for. The Committee resolves to await a progress report on the matter.

MINISTRY OF AGRICULTURE

AUDIT QUERY	:	PARAGRAPH 55
DEPARTMENT	:	Provincial Agriculture Coordinating Offices
	:	District Agriculture Coordinating Offices
	:	Agriculture Training Institutions
PROGRAMMES	:	Various
ACTIVITIES	:	Various

Accounting and Other Irregularities

50. When accounting and other records maintained at the Provincial Agriculture Coordinating Offices (PACOs), District Agriculture Coordinating Offices (DACOs) and Agriculture Training Institutions were examined during the period from January to June, 2018, various irregularities were revealed; and the Controlling Officer responded as set out below.

a. Missing Payment Vouchers – Serenje DACO - K89,976

The Controlling Officer submitted that the officer responsible for this irregularity was on suspension and receiving half salary, as he could not account for the missing documents. Meanwhile, the matter was with the Zambia Police Service who had continued with the investigations of forgery and uttering false documents by the accounting officer. The letter from the Zambia Police Service was available for verification.

Committee's Observations and Recommendations

The Committee is saddened by the failure to adhere to Financial Regulations and recommends that the funds be recovered from the officer concerned. The Committee will await a progress report on the matter.

b. Unsupported Payments - K8,762

Institution	No. of Payments	Amount K	Status /Action Taken
Lusaka PACO	1	7,262	The Controlling Officer submitted that the payment in question related to terminal benefits paid to a deceased officer. The supporting documents such as Order of Appointment of Administrator and death certificate were not available at the time of audit. This was due to the file for the deceased officer having moved to the Pensions Office for payment of other benefits and no copies remained at the Provincial Office. However, a follow up was made with the Pensions Office, copies of the documents were retrieved; and were available for verification.
Luangwa DACO	3	1,500	The Controlling Officer submitted that the three payments worth K1,500 that were not supported at the time of audit had since been supported with receipts. The documents had been misfiled because of not having qualified officers responsible for handling stores. The documents were available for audit verification.
Total	4	8,762	

Committee's Observations and Recommendations

The Committee observes that Financial Regulation No. 45 is an important public expenditure control measure that must be adhered to at all times. In this regard, the Committee urges the Controlling Officer to ensure that the Ministry has an effective records management system in place, in order to stop the misfiling and misplacement of documents. The Controlling Officer should further take disciplinary action against the officers who misfiled the documents. The Committee resolves to await a progress report on the matter.

c. Unretired Accountable Imprest - Lusaka PACO - K3,079

The Controlling Officer informed the Committee that the imprest remained unretired as the officer concerned was unwell and unable to undertake the monitoring tour. The Office of the Provincial Agricultural Coordinator engaged the officer to refund the money; but the officer failed to do so. However, PMEC inputs were made to recover the imprest and the officer had since been verbally warned for the failure to retire the imprest. Supporting documentation was available for audit verification.

Committee's Observations and Recommendations

The Committee welcomes the Ministry's action of instituting disciplinary action against the officer, in line with Financial Regulation No. 96(4), albeit late. The Committee, therefore, urges the Controlling Officer to take a proactive approach and monitor the schedules of outstanding imprest on a monthly basis in accordance with Financial Regulation No. 96(5). The Committee awaits a progress report on the matter.

d. Irregular Procurement of Goods and Services Using Imprest

District	No. of Transactions	No. of Officers	Amount Disbursed K	Status/Action Taken
Katete College	3	3	6,870	The Controlling Officer submitted that the officers responsible for the query had been warned. Supporting documentation was available for audit verification.
Kabwe PACO	5	5	12,084	
Mumbwa DACO	2	2	2,600	
	10	10	21,554	

Committee's Observations and Recommendations

The Committee notes the action taken and recommends that appropriate disciplinary action be taken against the officers who irregularly procured goods and services using imprest. The Controlling Officer should further submit all relevant documents to the Auditor General for verification. The Committee will await a progress report on the matter.

e. Payments of Subsistence and Meal Allowances at Stations of Duty - K59,725; K130,865

Name of Institution	No. of Officers	Subsistence Allowance K	Meal Allowance K	Total K	Status/Action Taken
Chinsali PACO	1	-	1,020	1,020	The Controlling Officer explained that the Province made payments of this nature in exceptional instances, where officers went to work in distant place; requiring them to spend nights. However, recoveries had been instituted against the affected staff to normalise the situation. Letters of caution were also written to all the sub-warrant officers concerned. Supporting documentation was available for audit verification.
Chinsali DACO	10	6,850	25,630	32,480	
Mpika DACO	11	13,325	14,270	27,595	
Isoka DACO	9	3,300	10,065	13,365	
Zambia College of Agriculture	6	-	6,480	6,480	
Mongu PACO	8	28,590	-	28,590	The Controlling Officer submitted that recoveries had been instituted. The payslips and bank deposits were available for audit verification.
Sikongo DACO	1	3,360	-	3,360	
Kalabo DACO	3	4,300	6,165	10,465	
					The Controlling Officer submitted that out of the nineteen officers from the Copperbelt, four from Ndola, two from Lufwanyama and one from Masaiti DACOs had paid back the allowances. The recoveries from the remaining twelve officers had been instituted. Deposit slips and PMEC inputs were available for audit verification.
Ndola DACO	4	-	14,280	14,280	
Mufulira DACO	8	-	26,225	26,225	
Masaiti DACO	1	-	13,520	13,520	
Lufwanyama DACO	6	-	13,210	13,210	
TOTAL	68	9,725	130,865	190,590	

Committee's Observations and Recommendations

The Committee is disappointed that the Controlling Officer is defending this irregularity. The Committee calls on the Secretary to the Treasury to deal with the Controlling Officer in accordance with the relevant law. The Committee further directs both the Controlling Officer and sub-warrant officers to adhere to relevant circulars from Cabinet Office that provide guidance on payment of various allowances at all times so as to curb such irregularities and avoidable queries. The Committee will await a progress report on the matter.

f. Unaccounted for Stores - K52,250

Station	Stores K	Fuel K	Total K	Status /Action Taken
Mumbwa DACO	11,462	-	11,462	The Controlling Officer submitted that the receipt and disposal details for the stores amounting to K11,462 were not availed to the auditors at the time of audit because they were misfiled and stores were being handled by an unqualified officer. The documents had been found and were available for audit verification.
Katete DACO	10,410	-	10,410	The Controlling Officer submitted that general stores amounting to K10,410 were not available at the time of audit as the only officer in charge was indisposed. The receipt and disposal details had since been found and were available for audit verification.
Lusaka PACO	5,565	8,636	14,201	The Controlling Officer submitted that receipts for stores worth K5,565 was misplaced at the time of audit. The receipt had since been found and was available for verification. The officer responsible for the query was verbally warned. Regarding fuel, the Controlling Officer submitted that the late disposal was because the officer responsible was unwell. However, the documents had been retrieved and the fuel disposed of. The documents were available for audit verification.
Luangwa DACO	2,950	6,376	9,326	The Controlling Officer submitted that an amount of K2,950 on stores in the query was for the purchase of solar batteries and a chair. Unfortunately, the auditors did not physically see the items. The Controlling Officer further submitted that the amount of K6,376 was for the purchase of fuel; but the cheque number was captured twice by the auditors. However, the fuel was disposed of and the stores disposal documents such as ledgers and statements were available for audit verification.
Rufunsa DACO	-	6,851	6,851	The Controlling Officer submitted that the disposal details for fuel amounting to K6,851 were available at the time of audit except that they were not clear. The recast copies of the ledger and fuel statement were available for audit verification.
Total	30,387	21,863	52,250	

Committee's Observations and Recommendations

The Committee notes that the Ministry failed to provide the auditors with relevant information and documents at the time of audit. The Committee, therefore, recommends that the Controlling Officer should take disciplinary action against the officers who failed to perform their duty and further urges the Controlling Officer to ensure that there is continuity of operations even when some officers were indisposed. The Committee also directs the

Controlling Officer to submit all relevant documents to the Auditor General for verification. The Committee resolves to await a progress report on the matter.

g. Failure to Insure Motor Vehicles and Motor Cycles

Province	No. of Motor Vehicles	No. of Motor Cycles	Status/Action Taken
Western	5	-	The Controlling Officer submitted that the Ministry had not insured the five vehicles due to inadequate funding in the year under review.
Eastern	39	130	The Controlling Officer submitted that the Ministry had not insured the thirty-nine vehicles and 130 motor cycles due to inadequate funding in the year under review. The Controlling Officer further submitted that the Ministry had managed to insure ten vehicles for PACO in 2018.
Copperbelt	2	-	The Controlling Officer submitted that one of the two vehicles cited belonged to the Department of Co-operatives under the Ministry of Commerce, Trade and Industry, while the other one had not been insured due to inadequate funding in the year under review.
Central	25	8	The Controlling Officer submitted that out of twenty-five vehicles not insured, four were for the Project APPSA, one was for the Department of Co-operatives in the Ministry of Commerce, Trade and Industry and four belonged to the Ministry of Fisheries and Livestock. The remaining fifteen vehicles and eight motor cycles had not been insured due to inadequate funding in the year under review.
Total	71	138	

Committee's Observations and Recommendations

The Committee observes that the issue of insuring Government vehicles appears to be receiving little attention in the Ministry. The Committee contends that motor vehicle insurance is essential as it provides protection against loss in case of accidents and other natural calamities. The Committee recommends that the Ministry should budget for motor vehicle insurance henceforth, and ensure that Government vehicles and motor cycles are insured in accordance with the law. The Committee further urges the Government through the Road Transport and Safety Agency (RTSA) to lead by example, by enforcing the law with impartiality, by ensuring that all Government vehicles were insured. The Committee resolves to await a progress report on the matter.

h. Failure to Remit Tax - K96,606

Station	No. of Officers	Amount K	Status /Action Taken
Mongu PACO	2	4,498	The Controlling Officer submitted that the Ministry, through the Provincial Agricultural Coordinator, had not remitted the tax because of inadequate funding. However, part payments had been made. The Controlling Officer stated that the Ministry would remit the tax when funds became available.
Chinsali PACO	35	92,108	The Controlling Officer submitted that the officers received part payments and the tax deducted was also based on the part payments. The Ministry, through the Provincial Agricultural Coordinator, had started remitting the tax and had so far paid K10,000. The receipt was available for audit verification.
Total	37	96,606	

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer for this omission and reminds him that paying tax is law, which must be complied with, as taxes are a major source of revenue for the Government. The Committee, therefore, recommends that the tax be remitted without further delay. The Committee will await a progress report on the matter.

i. Failure to Reimburse Borrowed Funds – Sesheke DACO - K31,122

The Controlling Officer submitted that the Ministry of Livestock and Fisheries did not borrow any money. The amount cited in the query was allocated to the Department of Livestock prior to the separation of the Ministry of Agriculture and Livestock into two ministries. The balance was left in the account of the Ministry of Agriculture at the time of separation. The Ministry of Fisheries and Livestock spent the funds from the Ministry of Agriculture's account. The letters from the District Fisheries and Livestock Co-ordinator were available to confirm the claim.

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer for the failure to avail records to the auditors during the auditing process, thereby delaying the determination of the query at that stage. The Committee recommends that the Controlling Officer should mete out disciplinary action against the officers who failed to provide records to the auditors. The Controlling Officer is further urged to submit all relevant documentation to the Auditor General for verification. The Committee will await a progress report on the matter.

j. Failure to Insure Livestock – Zambia College of Agriculture – Mpika

The Controlling Officer submitted that the Ministry failed to insure the cited animals in the period under review because of inadequate funding. However, the College had insured the

thirty-nine goats and 115 pigs in 2018. The insurance covers were available for audit verification.

Committee's Observations and Recommendations

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

k. Failure to Recover Salary Advances – Ndola PACO - K12,500

The Controlling Officer submitted that the two officers cited in the query were transferred from other Ministries to the Ministry of Agriculture and had not yet been introduced on the Ministry pay roll at the time of audit. This caused the delay in the recovery of the salary advances. The latest position was that recoveries had been instituted. The other officer cited was deceased and, therefore, the salary advance had been deducted from his terminal benefits computation. The payslips and casualty form were available for audit verification.

Committee's Observations and Recommendations

The Committee takes note of the action by the Ministry. However, the Committee is of the view that the payment of salary advances to two officers who had not yet been introduced on the Ministry payroll was erroneous, considering that salary advances are supposed to be recovered through payroll. The Committee recommends that disciplinary action be taken against the officers responsible for the irregularity.

The Committee is also concerned that the Controlling Officer was reactive as action was only taken following an audit query. The Committee urges the Controlling Officer to closely supervise his officers and endeavour to inculcate a proactive mentality to ensure timely identification and correction of payroll related irregularities.

Committee's General Observations and Recommendations

The Committee bemoans the trend of abandoning infrastructure development projects by contractors. The Committee notes that lack of, and inadequate funding have been cited as some of the reasons for delayed completion of projects. The Committee is of the view that the failure to complete projects in time increases the cost of the projects, and negatively affects service delivery. On that basis, the Committee recommends that the Controlling Officer should implement measures to stop this trend and ensure that projects are completed on time. The Controlling Officer should further ensure that adequate funds have been made available before commencing a project.

The Committee further calls on the Secretary to the Treasury to provide funding for the completion of stalled projects.

The Committee observes that the Ministry's internal control systems are weak, hence the failure to adhere to the provisions of various Cabinet Office circulars. The Committee, therefore, recommends that the Ministry should strengthen its internal control systems such as the human resource and administration, internal audit and accounts systems to ensure that there is timely identification of errors or irregularities. The Committee further urges the Controlling Officer to follow relevant circulars from Cabinet Office which provide guidance on payment of various allowances.

An issue that particularly caught the attention of the Committee is that the Ministry committed a number of irregularities related to payment of various personal emoluments such as Housing and Rural Hardship Allowances and overpayment of salaries during the period under review. The Committee is of the view that these irregularities would have been identified and resolved much earlier had the Ministry cared to undertake regular payroll verifications and reconciliations. In this regard, the Committee urges the Controlling Officer to ensure that payroll verifications and reconciliations are undertaken on a regular basis.

The Committee is also disheartened with the persistent disregard for Financial Regulations in the Ministry. The Committee recommends that the Ministry should undertake regular sensitisation of responsible officers on the requirement to comply with the *Public Financial Management Act, No. 1 of 2018* and the Financial Regulations. This will ensure that public funds are safeguarded from potential misappropriations. The Committee awaits a progress report on these matters.

OFFICE OF THE PRESIDENT – LUSAKA PROVINCE

AUDIT QUERY : **PARAGRAPH 56**
DEPARTMENT : Various
PROGRAMME : General Administration
ACTIVITIES : Various

Accounting and Other Irregularities

51. An examination of accounting and other records maintained at the Provincial Administration, carried out from March to May, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Variances in Funds Released by Ministry of Finance and Remittances to Various Departments and District Commissioners' Offices - K5,434,664

The Controlling Officer informed the Committee that following an analysis with the help of staff from the Office of the Auditor General, the correct position was established. The Controlling Officer submitted that the correct position was that an amount of K10,519,791 was released and spent, representing 98 percent of funding as per audited Statement C, leaving a variance of K215,923, representing 2 percent of the funded amount of K10,735,714. The Controlling Officer explained that efforts were being made to establish how the balance of K215,923 was utilised at the Lusaka Province Headquarters, so that the necessary remedial action could be taken. The table below shows the breakdown as per audited Statement C

Comparison of Releases and Expenditure for Lusaka Province for the Year Ended 2017

No.	Department	Releases	Expenditure	Variance
1.	Zambia News and Information Services	272,335	341,086	(68,751)
2.	Chiefs and Traditional Affairs	468,786	468,786	-
3.	Building Department	265,741	275,741	(10,000)
4.	Forestry Department	532,170	532,170	-
5.	Survey Department	579,484	579,484	-
6.	Water Affairs Department	631,940	596,940	35,000
7.	Labour and Factories Department	262,005	234,405	27,600
8.	Social Welfare department	323,929	323,929	-

9.	Cultural Services Department	276,376	259,126	17,250
10.	Youth Development Department	255,924	238,674	17,250
11.	Resettlement Department	366,924	349,100	17,250
12.	Child Affairs Department	205,950	205,950	-
13.	Provincial Local Government Office	365,001	310,001	55,000
14.	Town and Country Planning Department	624,242	609,242	15,000
15.	Sports Department	233,078	205,078	28,000
16.	Provincial; Planning Unit	878,498	868,498	10,000
17.	District Administration	3,631,055	3,603,581	27,474
18.	Internal Audit Department	252,365	235,115	17,250
19.	Procurement and Supplies Unit	310,485	282,885	27,600
	TOTAL	10,735,714	10,519,791	215,923

Committee's Observations and Recommendations

The Committee wishes to remind the Controlling Officer that he has the duty to account for funds released by the Treasury to the Province for onward remittance to the various departments, districts and units in the Province. The Committee recommends that the Controlling Officer should at all times ensure that the funds are remitted expeditiously and timely, henceforth.

The Committee will await a progress report on the remittance of the variance of K215,923 to eligible departments and districts by the Lusaka Provincial Administration.

b. Failure to Deduct PAYE

The Controlling Officer submitted that a Principal Accountant, who had since been dismissed, purported to have paid PAYE to the ZRA in amounts totalling K374,607.84, including the PAYE related to the K88,793 paid out to staff for various claims, when he actually did not.

The Controlling Officer informed the Committee that recoveries had been effected from seven serving officers, whereas recoveries from two non-serving officers would be made from their terminal benefits as they were still not paid in full. A total of K12,266.34 would be recovered by 30th November, 2018, leaving a balance of K21,031.04 to be recovered in full by 31st March, 2019. The Department of Finance had been instructed to ensure that all payments were subjected to pre-payment examination, and accounting officers had been sensitised on the requirement to comply with the provisions of the *Income Tax Act, Chapter 323 of the Laws of Zambia*.

Committee's Observations and Recommendations

The Committee reminds the Controlling Officer that tax is a debt due to Government and failure to pay tax may attract both penalties and interest pursuant to the *Income Tax Act, Chapter 323 of the Laws of Zambia*. In this light, the Committee cautions the Controlling Officer for the omission and recommends that the outstanding tax be paid to the ZRA promptly to avoid penalties and interest. The Committee is further disappointed that accounting staff are poorly supervised as evidenced by the failure to detect the non-remittance of tax by the Principal Accountant who had purported to have remitted the tax to ZRA, when in fact not. The Committee recommends that disciplinary action should be taken against supervising officers responsible for the lapse.

c. Failure to Remit Taxes - K308,077

The Controlling Officer informed the Committee that his office had directed the Department of Finance to ensure that all payments processed were subjected to pre-audit by the Internal Audit Unit so as to ensure compliance with the *Income Tax Act, Chapter 323 of the Laws of Zambia* at all times. Furthermore, the Controlling Officer stated that the outstanding amount of K308,077 owed to the ZRA would be liquidated within the month of November, 2018.

Committee's Observations and Recommendations

The Committee is concerned at the failure to remit tax as the Province risks accumulating interest on the unpaid tax in addition to being penalised for non-payment. The Committee cautions the Controlling Officer once more for the omission and recommends that the outstanding tax be remitted to the ZRA without further delay to avoid repercussions. The Controlling Officer should further take disciplinary action against the officers responsible for this irregularity, including the supervising officers in the Finance Department. The Committee awaits a progress report on the matter.

d. Under Deduction of PAYE - K33,233

The Controlling Officer submitted that recoveries from the officers concerned had since been effected. A total of K30,522.53 would be recovered from eighteen officers by November, 2018. The balance of K2,710.27 would be recovered in full by 31st December, 2018. Further, the officers under the Department of Finance had been sensitised on the *Income Tax Act* and the applicable tax bands to use.

Committee's Observations and Recommendations

The Committee notes the action taken to remedy the weaknesses and urges the Controlling Officer to ensure that the outstanding PAYE is deducted and remitted to the ZRA without further delay. The Committee will await a progress report on the matter.

e. Missing Payment Vouchers - K62,900

The Controlling Officer explained that the missing payment vouchers could have been as a result of dishonesty and unethical conduct on the part of the two cashiers who were custodians of accounting records, and who had since been dismissed. Efforts were being made to find the missing payment vouchers. Further, to curb this irregularity in future, a registry clerk had been attached to the Department of Finance to ensure that there was segregation of duties, and that payment vouchers were properly filed and secured for future reference.

Committee's Observations and Recommendations

The Committee welcomes the remedial measure that has been instituted of attaching a registry clerk to the Finance Department and urges the Controlling Officer to ensure that there are no more similar queries in future. The Controlling Officer should further ensure that the missing payment vouchers are located and availed to the Auditor General for audit verification without further delay. The Committee will await a progress report on the matter.

f. Irregularities in Imprest Related Transactions

i. Irregular Retirements - K5,415,539

The Controlling Officer explained that the correct number of officers who were issued with imprest in amounts totalling K5,415,539 was actually thirty-five, and not eight as reported by the Auditor General. The imprest related to eighty-one transactions with various beneficiaries. The Controlling Officer stated that out of K5,415,539, an amount of K2,215,120 related to five officers, four of whom were accounting officers who had since been dismissed from the civil service. The five officers were charged for the full amount of the days for which they failed to account. The Government would recover the misappropriated funds.

Committee's Observations and Recommendations

The Committee notes that the Controlling Officer has not stated whether or not the recoveries have been effected and how they will be recovered from the dismissed officers. Further, the time frame within which the misappropriated funds will be recovered has not been indicated. The Committee recommends that the Controlling Officer should expedite the recovery of the misappropriated funds within a specified time. The Committee, therefore, resolves to await a progress report on the recovery of the misappropriated funds.

• Questionable Payment of Subsistence and Meal Allowances – K1,097,675

The Controlling Officer submitted that five officers were paid for days ranging from 637 to 763 in a calendar year and failed to account for them. The Committee learnt that out of the five officers, four accounting officers had since been dismissed from the civil service with effect from 17th October, 2018.

Further, the Deputy Permanent Secretary (DPS) had been suspended and a recommendation was made to the Permanent Secretary, Public Service Management Division (PSMD) for his dismissal from the civil service as the offences committed were similar to those committed by the four officers dismissed by the Civil Service Commission. The suspension letter and the recommendation for staff dismissal from the Public Service were available for audit verification.

Further, the matter had been reported to the Drug Enforcement Commission (DEC) and the Zambia Police Service for further investigations as it was indicative of money laundering.

Committee's Observations and Recommendations

The Committee finds it unacceptable that officers could claim allowances for the number of days over and above the days in a calendar year. The Committee urges the Controlling Officer to ensure that all funds misappropriated are recovered forthwith. The Committee awaits a progress report on these matters.

• Excess Payment of Subsistence Allowances – K784,680

The Controlling Officer informed the Committee that out of the twenty-six officers cited, four were accounting officers who had been dismissed from the civil service. There was also the Deputy Permanent Secretary who was on suspension pending determination of

the recommendation to dismiss him by the Public Service Management Division (PSMD). The four dismissed officers and the Deputy Permanent Secretary were cited for amounts totalling K330,440. This amount was already included in the Audit Observation No. f (i) on questionable payment of subsistence and meal allowances. The balance of K454,240 involved twenty-two officers who were still serving.

The Controlling Officer explained that despite earlier informing the Auditor General that recoveries would be effected by 30th September, 2018, these were not done when it was discovered that the officers undertook the activities for the full period paid for and had submitted reports. However, the Auditor General's observations that some officers did not pay courtesy calls on District Commissioners visited to register their presence during specific periods had been noted. The officers had since been sensitised on the importance of using the motor vehicle log books and signing in the visitors' books whenever they were visiting and exiting various stations/districts, as proof of having spent the full period paid for.

Committee's Observations and Recommendations

The Committee observes with dismay that the officers concerned and the accounting officers failed to avail the auditors evidence that they undertook the activities in various districts for the period they were paid.

The Committee wonders why the evidence was not availed to the auditors in the first place to resolve the query. Therefore, the Committee recommends that the Controlling Officer should institute disciplinary action against the officers who failed to provide information to the auditors. The Committee further directs the Controlling Officer to recover the irregularly paid allowances and submit all supporting documents to the Auditor General for audit verification. The Committee awaits a progress report on the matter.

ii. Unretired Accountable Imprest - K518,355

The Controlling Officer explained that the unretired accountable imprest totalling K518,355 included the imprest issued to three of the dismissed officers in amounts totalling K368,109, and one officer who resigned from the civil service in amounts totalling K18,450, bringing the total to K386,559. The Controlling Officer stated that the whole amount would be recovered from their terminal and pension benefits. The balance of K131,795 (K518,355-K386,559) involved four serving officers. The recoveries from the four serving officers would commence effective 30th November, 2018.

The Committee also learnt that following the rolling out of the Treasury Single Account (TSA) to Lusaka Province, the issuance of accountable imprest had completely stopped.

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer against condoning the behaviour of failing to retire imprest timely by officers and urges him to institute disciplinary action against all erring officers, including supervising officers who failed to ensure that imprest was retired timely in accordance with Financial Regulation No. 96(4). The Controlling Officer is further urged to ensure that imprest is recovered and to submit all relevant

documentation to the Auditor General for verification. The Committee awaits a progress report on the matter.

iii. Irregular Payment of Meal Allowance - K93,955

The Controlling Officer submitted that a total of K8,629.79 would be recovered from eight officers by 30th November, 2018, leaving a balance of K16,250.21 to be recovered from one officer in thirty-six months. The balance of K69,075 was issued as imprest to three officers who were no longer in the civil service. The funds would be recovered from their terminal benefits as they had not yet been paid.

The Controlling Officer stated that his office had directed all Heads of Department to make reference to the Terms and Conditions of Service and to Cabinet Office circulars whenever they sought approval of any payment.

Committee's Observations and Recommendations

The Committee notes the action taken and wishes to add that the Controlling Officer should mete out disciplinary action against the officers who authorised the payments. The Committee will await a progress report on the matter.

iv. Questionable Retirements – K13,420; K4,320

The Controlling Officer informed the Committee that out of the K13,420 that was irregularly paid, an amount of K11,570 would be recovered by 30th November, 2018, from fourteen officers, leaving a balance of K1,850 involving two officers. Efforts were being made to recover the balance of K1,850 from the terminal benefits of the two officers.

With regard to the irregular Lunch Allowances paid to officers in Lusaka in amounts totalling K4,320, when they were only entitled to K1940, the Controlling Officer submitted that the officers were overpaid by K2,380. The recoveries would start with effect from 30th November, 2018. A total of K2,090 would be recovered from seventeen officers leaving a balance of K290 which would be recovered in December, 2018.

The Controlling Officer stated that his office had directed all Heads of Department to make reference to the Terms and Conditions of Service and to Cabinet Office circulars such as Cabinet Circular No. 11 of 2015, whenever they sought to approve any payment of allowances. The payslips were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the action taken and wish to add that the Controlling Officer should mete out disciplinary action against the officers who authorised the payments. The Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT – LUSAKA PROVINCE

AUDIT QUERY	:	PARAGRAPH 57
DEPARTMENT	:	Lusaka Provincial Planning Authority
PROGRAMME	:	Planning Authority
ACTIVITIES	:	Various

Accounting and Other Irregularities

52. An examination of accounting and other records maintained at the Provincial Administration carried out from March to May, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Capture Revenue in the IFMIS – K3,286,845

The Controlling Officer submitted that the failure to capture the revenue collected in the IFMIS was because the accounting staff at Lusaka Provincial Planning Authority did not know how to capture revenue in the IFMIS. The Controlling Officer contended that there was no ill intention on the part of the accounting staff as evidenced by the fact that there was no loss of public funds since the revenue collected was deposited and accounted for properly.

The Controlling Officer informed the Committee that the Provincial Administration had written to the Ministry of Finance on 10th September, 2018, requesting the Ministry to train accounting officers on how to capture revenue in the IFMIS. The Office of the Accountant General had assured the Lusaka Provincial Administration that the training would be conducted soon.

Committee's Observations and Recommendations

The Committee urges the Secretary to the Treasury to expedite the training of accounting staff on how to capture revenue collected in the IFMIS. The Committee reiterates that no excuses will be accepted henceforth, over this matter. The Committee resolves to await a progress report on the training of the accounting staff.

b. Irregular Payment of Meal Allowances - K54,179

The Controlling Officer submitted that the officers that were paid the irregular meal allowances were thirty-seven as opposed to the sixty reported in the Auditor General's Report. The correct position is as shown in the table below.

S/N	Institution	No. of Officers
1	Lusaka Provincial Administration and Ministry of Home Affairs	24
2	Temporary Staff (Students on Internship)	5
3	Ministry of Local Government	6
4	Not yet traced	2
	TOTAL	37

The Controlling Officer stated that the recoveries from twenty-nine officers, who included five student interns under the Lusaka Provincial Administration and the Ministry of Home Affairs had since been effected. An amount of K52,931 had been recovered, leaving a balance of K1,248. The Lusaka Provincial Administration had also written to the Ministry of Local Government to effect recoveries for six officers who were on the Ministry of Local Government payroll. Payslips for the twenty-four officers, a copy of cheque no.002041 dated 17th October, 2018, for five student interns and a letter to the Ministry of Local Government were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the response and is particularly disappointed that the student interns were embroiled in this irregularity. The Committee urges the Controlling Officer to mete out disciplinary action against the officers who authorised the payments and to sensitise accounting officers on the requirement to always comply with relevant laws, regulations and rules. The Committee resolves to await a progress report on the matter.

OFFICE OF THE PRESIDENT – LUSAKA PROVINCE

AUDIT QUERY	:	PARAGRAPH 58
DEPARTMENT	:	Provincial Water Engineer
PROGRAMME	:	Provincial Water Engineer Account
ACTIVITIES	:	Various

Accounting and Other Irregularities

53. An examination of accounting and other records maintained at the Provincial Administration carried out from March to May, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Delayed Banking of Revenue Collected – K270,835

The Controlling Officer submitted that the officer who delayed the banking of revenue for the period August to December, 2017, was charged and strongly warned about delaying the banking of Government revenue, as it was against the Financial Regulations.

Committee's Observations and Recommendations

The Committee contends that the cause of this particular query is the laxity in the supervision of subordinates by supervising officers and the Controlling Officer. The Committee urges the Controlling Officer to enhance internal controls and supervise his subordinates adequately in order to ensure compliance with relevant laws, regulations and rules, and avert irregularities. The Committee resolves to close the matter subject to audit verification.

OFFICE OF THE PRESIDENT – LUSAKA PROVINCE

AUDIT QUERY	:	PARAGRAPH 59
DEPARTMENT	:	01 Headquarters
PROGRAMME	:	General Deposit Account
ACTIVITIES	:	Various

Accounting and Other Irregularities

54. An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out from March to May, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Questionable Payment of Allowances - K130,374

The Controlling Officer justified the payment of allowances stating that the number of officers involved in the activity and the number of days in which the activity was undertaken was necessary due to the scope and nature of work. The Controlling Officer stated that although the internal auditors carried out an audit inspection in four districts for seven days, the period did not include report writing, which the accountants did in the field.

The Controlling Officer explained that the scope of work had involved, among other things, testing the borehole in terms of whether the assertions by internal auditors were correct and interacting with the communities to confirm the assertions in the internal auditors' report that some boreholes did not yield the water as expected. The scope was also expanded to include three extra districts which were not covered by the audit team to ensure that all the districts in the Province were inspected. A reviewed and detailed report was available for audit verification.

Committee's Observations and Recommendations

The Committee requests the Controlling Officer to submit evidence on this matter to the Auditor General for verification. The Committee will await a progress report on the matter.

b. Unaccounted for Funds

i. Lack of Expenditure Details - Payment for Data Collection to Answer Audit Queries - K80,825

ii. Lack of Expenditure Details - Hosting a Foreign Head of State - K50,000

The Controlling Officer informed the Committee that the officer cited in both instances of failing to provide expenditure details was one and the same. The officer had since been dismissed and amounts totalling K130,825 (K80,825 + K50,000) would be recovered from the officer's terminal and pension benefits. The letter of dismissal was available for audit verification.

Committee's Observations and Recommendations

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

Committee's General Observations and Recommendations

The Committee notes that the audit opinion for Lusaka Province Administration is qualified. This does not surprise the Committee, considering the nature of irregularities at the institution. The notable irregularities include irregular payment of allowances and imprest management. It is disheartening that Lusaka Province Administration has used imprest payments as a conduit for misappropriation of public funds. For instance, K1,097,675 was paid to five officers as subsistence and meal allowances for days ranging from 637 to 763, beyond the number of days in a calendar year, which has 365 days. The Committee contends that Lusaka Province Administration is a case of total breakdown of internal controls and lack of supervision of staff at all levels.

In light of this, the Committee recommends that the Secretary to the Treasury urgently puts preventive measures in place at the Provincial Administration, including strengthening internal controls in order to avert further misappropriation of public funds. Further, the Provincial Administration should be capacitated in terms of adequate qualified accounting staff, particularly, the Internal Audit Unit. In addition, the Secretary to the Treasury should closely monitor the Controlling Officer's performance to ensure that he or she exercised adequate oversight over public financial management in the Province.

The Committee is further dismayed at the persistent irregular payment of meal allowances. The Committee calls on the Controlling Officer to enhance internal controls to avert this irregularity.

Furthermore, the Provincial Administration does not appear to care about the need to adhere to the provisions of the *Income Tax Act* regarding payment of tax as it has been cited as having failed to deduct and remit tax to ZRA. The Committee is of the view that this is a serious lapse in that tax is the main source of revenue for the Government. Further, failure to pay tax attracts penalties and interest. The Committee, therefore, recommends that the Secretary to the Treasury should surcharge officers and supervising officers responsible for failure to pay tax in order to deter the would be transgressors.

The Committee awaits a progress report on these matters.

OFFICE OF THE PRESIDENT - COPPERBELT PROVINCE

AUDIT QUERY	:	PARAGRAPH 60
UNIT	:	Various
PROGRAMME	:	General Deposit Accounts
ACTIVITIES	:	Various

Accounting and Other Irregularities

55. An examination of accounting and other records maintained at the Provincial Administration and physical inspection of selected projects carried out in March, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Unaccounted for Stores-K4,200

The Controlling Officer submitted that at the time of audit, stores items amounting to K4,200 were unaccounted for because they were procured for use at the State funeral of the late Hon. Ben Kapita and were delivered directly to the funeral house without passing through Stores. In view of the foregoing, the Controlling Officer also submitted that Management regularised the anomaly by having the receipt and disposal details completed in order to account for the stores items.

He further submitted that management had since put up measures to ensure that goods procured were delivered to stores before being issued out to the end users.

Committee's Observations and Recommendations

The Committee finds the regularisation of the anomaly questionable and wonders whether the available receipt and disposal details are genuine. It, therefore, requests the Controlling Officer to take disciplinary action against the officer who failed to ensure that correct receipt and disposal procedures were followed at the time of procurement. The Committee will await a progress report on the matter.

b. Wasteful Expenditure - NAPSA -K18,025

The Controlling Officer submitted that the amounts of K18,025 paid to NAPSA were penalties that arose due to delayed funding from the parent Ministry, the Ministry of Chiefs and Traditional Affairs (MOCTA).

He also submitted that the Provincial Administration proposed to the Ministry that the Retainers' salaries be paid at the same time as the Chiefs' salaries in order to avoid accruing NAPSA penalties, but there was no feedback yet from the Ministry concerning the matter. In this regard, the Committee learnt that Retainers' wages were usually remitted a month late by MOCTA and as a result of this, NAPSA penalties were inevitable.

The Controlling Officer assured the Committee that his office would continue to engage the Ministry over the matter, to ensure that Retainers' wages were remitted on a timely basis to avoid NAPSA penalties.

Committee's Observations and Recommendations

The Committee urges the Ministry of Chiefs and Traditional affairs to ensure timely payment of Retainers' salaries to avoid NAPSA penalties. However, the Committee recommends the matter for closure subject to audit verification.

c. Board of Survey – Irregularities in the Sale of Bonded Assets

i. Failure to Collect Participation Fees- K35,000

The Controlling Officer submitted that the eleven successful bidders were allowed to participate in the Board of Survey in various districts without paying participation fees. This was due to the low turnout for the auction. The Board of Survey Committee resolved to allow civil servants who were present during the disposal exercise to participate and that the participation fees would be recovered from the staff.

The Committee was informed that payroll recoveries had since been effected for the bidders who did not pay participation fees. Evidence in form of payslips was available for verification.

The Committee was assured that in future, participation in the Board of Survey would not be allowed before payment of participation fees.

Committee's Observations and Recommendations

The Committee expresses disappointment at the violation of the laid down procedures by the Board of Survey. It also expresses concern at the failure by the Controlling Officer to effect recoveries from the officers. It, therefore, urges the Controlling Officer to acquaint the Board of Survey with requisite knowledge regarding tender procedures and *the Public Finance Management Act, No.1 of 2018*. The Committee also urges the Controlling Officer to ensure that recoveries are made from the affected officers without fail. The Committee will await a progress report on the matter.

ii. Failure to Collect Outstanding Amounts from Sale of Motor Vehicles and Bikes - K39,200

The Controlling Officer submitted that there were downward adjustments made to the reserve prices based on the condition of some boarded vehicles.

In this regard, amounts totalling K10,000 were collected while the balance of K29,200 was being recovered through the payroll. Audit evidence in form of a deposit slip and payslips was available for verification.

The Controlling Officer assured the Committee that going forward, all participants in the Board of Survey auctions would be required to pay the full amount before collecting the assets.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to ensure that the balance of K29,200 is recovered without fail and urges the Auditor General's Office to verify the available deposit and pay slips. The Committee will await a progress report on the matter.

iii. Sale of Motor Vehicles/Bikes Without Reserve Price and Board of Survey (BOS) Numbers

The Controlling Officer submitted that some vehicles and motor bikes were sold without reserve prices and Board of Survey numbers. It was, therefore, difficult to attach reserve prices due to the deplorable condition of the vehicles that were being auctioned.

He further submitted that management would ensure that in future, all boarded items would have both reserve prices and Board of Survey numbers.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to desist from abrogating the laid down procedures and urges him to ensure that an orientation intervention is conducted for everyone tasked to handle tender activities at the Provincial Administration. The Committee will await a progress report on the matter.

d. Misaka Resettlement Project - Phase I

i. Failure to Allocate Compensated Farmers New Lots

The Controlling Officer submitted that the seven farmers were camped at the service centres, as their earlier allocated lots were occupied by squatters. This was further compounded by the lack of funds to undertake the re-alignment exercise. However, the Resettlement Action Plan (RAP) members consisting of officers from various Government departments that included Physical Planning, Agriculture, Forestry, Council and Survey Departments undertook a re-alignment exercise in September, 2018.

He also submitted that four out of seven farmers had their lots cleared of squatters and they had moved from the service centre to their respective allocated pieces of land. Two of the farmers were still at the service centre as the zone where their lots were situated was yet to be realigned. He further submitted that one farmer was reallocated an alternative lot but turned it down as he preferred a lot that was along the stream.

Additionally, the Committee was informed that the re-alignment exercise had to be conducted in phases due to non-availability of adequate financial resources to enable completion of the exercise.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission unacceptable. It, therefore, recommends that the Controlling Officer mobilises funds to ensure that the re-alignment exercise is undertaken by the Resettlement Action Plan (RAP) team in order to have the remaining three farmers allocated new lots, without fail. The Committee will await a progress report on the matter.

ii. Drilling of Boreholes

The Controlling Officer submitted as follows:

- sixteen boreholes out of the planned for twenty-five had been sunk. This was because the remaining nine boreholes had been earmarked to be sunk in the extra 800 hectares which had been requested for from ZAFFICO, adjacent to Misaka. The said parcel of land had been identified and letters had been written to ZAFFICO management, the Permanent Secretary in the Ministry of Lands and Natural Resources and the Secretary to the Cabinet;
- the brownish water from the boreholes was as a result of non-use of the said boreholes. The boreholes had been sunk before the affected farmers shifted to their allocated pieces of land. The Provincial Administration undertook a test of water samples from five boreholes. The results from laboratory tests showed that the water was fit for human consumption;
- the anomaly of using steel casings instead of PVC casings was noted and the contractor was informed and remedial measures to replace the casings were implemented. Nine boreholes had the steel casings replaced with PVC casings. For

the seven boreholes, the steel casings could not be removed and it was resolved by inserting four inch PVC casings inside the steel casings; and

- the two hand pumps that were not functional were worked on by the contractor in June 2018 and the boreholes had been functioning since then.

Committee's Observations and Recommendations

The Committee notes with concern the failure by the contractor to remove the steel casings from seven boreholes and also the delay in acquiring extra 800 hectares from ZAFFICO. It, therefore, urges the Controlling Officer to ensure that remedial measures are put in place with regard to boreholes so as to ensure good quality of water. The Committee also urges the Controlling Officer to expeditiously engage ZAFFICO and the relevant ministries in order to acquire the identified piece of land without delay. The Committee will await a progress report on the matter.

iii. Opening up of Access Roads – Zambia National Service (ZNS)

The Controlling Officer submitted as follows:

- 2.6 km had not been opened by the Zambia National Service (ZNS) because roads were being opened up as ZAFFICO sold the pines after harvesting. This arrangement delayed the opening of roads up to the start of the rainy season. The rainy season, coupled with delayed funding, led to withdrawal out of the machinery by ZNS. ZNS would re-mobilise as soon as funds were available.
- It was true that the inner access roads that had been opened up had overgrown grass. This was because the roads were opened up before the rainy season and were not being used as few affected settlers had been moved at that time. The full potential of the road network within the new settlement would be fully appreciated once the re-alignment of lots and beaconing was finalised and the affected settlers occupied their lots and commenced development.
- There were two existing access roads maintained by ZAFFICO, one connecting Ndola-Mufulira road at Sakania, whilst the other one connecting Ndola-Kitwe road at Baluba. However, two access roads were not part of the Resettlement Action Plan (RAP) as the maintenance of the said roads was done by ZAFFICO. During the rainy season, heavy trucks carrying loads of timber damaged the roads and the maintenance was done after the rainy season.
- The RAP for Misaka Area was that once all the formalities in the form of compensation, re-alignment, beaconing, and road works, among others, were concluded, the area would be handed over to Ndola City Council, as it fell under its jurisdiction. The Council would take up the role of maintaining the roads and other amenities in the area. The resettlement area had not yet been handed over as the exercise was still ongoing.

The Committee was informed that the Copperbelt Provincial Administration had on several occasions written to the Ministry of Finance requesting for funding to complete the resettlement works in Misaka. To this effect, the Ministry of Finance was written to on 14th August, 2018 and 11th September, 2018, respectively, requesting for the final disbursement of funds in amounts totalling K17,059,329.28 for compensation, re-

alignment, beaconing as well as other activities relating to the relocation of farmers affected by the airport construction. As of 31st October, 2018, the Ministry had not provided the required financial resources.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to come up with a maintenance plan and budget for all opened up roads in Misaka resettlement and to follow up the pending funding for the remaining works in the resettlement area. The Committee will await a progress report.

e. Construction of Chiefs' Palaces

i. Construction of Chief Nkambo's Palace

The Controlling Officer submitted that the remaining works for Chief Nkambo's Palace such as fitting of doors, glazing, ceiling, painting and external works would be completed when the Provincial Administration was funded.

With regard to door frames, the Committee was informed that the contractor replaced the 10 x 6 inch door frames with the 10 x 8 inch door frames as stated in the Bill of Quantities.

The Committee was further informed that the project had been budgeted for in the 2019 budget under the line for the Ministry of Chiefs and Traditional Affairs.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to follow up the funding for completion of the remaining works for Chief Nkambo's Palace and to ensure that the works on the doors reported to have been replaced are verified. The Committee will await a progress report on the matter.

ii. Construction of Chieftainess Shimukunami's Palace

The Controlling Officer submitted that the remaining works on Chieftainess Shimukunami's palace, such as metal works, plumbing, plastering and external works would be completed when the Provincial Administration was funded in the 2018 budget.

As of October, 2018, the following works had been done:

- roofing;
- 90 percent of metal works; and
- 85 percent plastering.

He also submitted that despite the erratic funding, the contractor had been using his own resources to carry out the works. In addition, the contractor asked for contract extension of up to 30th November, 2018.

The Committee was further informed that the project had been budgeted for in the 2019 budget under the line for the Ministry of Chiefs and Traditional Affairs. It was proposed

that funds for the remaining works be disbursed in the first quarter and no new works should be contracted until completion of current projects.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to follow up the funding for the completion of the remaining works for Chieftainess Shimukunami's Palace. The Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT – COPPERBELT PROVINCE

AUDIT QUERY : **PARAGRAPH 61**
PROGRAMME : Infrastructure Development
ACTIVITIES : Various

Accounting and Other Irregularities

56. An examination of accounting and other records maintained at the Provincial Administration Office and physical inspection of selected projects carried out in March, 2018, revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Construction of Three Houses in Lufwanyama.

The Controlling Officer submitted that the project to construct the three Government houses in Lufwanyama District had stalled due to erratic funding experienced in the years 2017 and 2018. However, the remaining works for the three houses such as installation of steel window and door frames, external and internal plastering, fitting of all electrical works, flooring, internal and external plumbing, drainages, fitting of doors, shelves and iron monger and glazing works were still awaiting funding.

A provision was made in the 2018 Budget under dismantling of arrears to ensure that the project was completed. The project was also budgeted for in the year 2018 and 2019 for the completion of the remaining works.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to follow up the funding for the completion of the remaining works at the three Government houses in Lufwanyama District. The Committee will await a progress report on the matter.

b. Construction of a 1 x 3 Classroom Room Block in Kambilombilo

The Controlling Officer submitted that the initial plan for the construction of the 1 x 3 classroom block in Kambilombilo was community based, where the community was supposed to provide the building materials such as sand, burnt bricks and labour. The Government was to procure the other items such as iron sheets, door frames and others. However, the community could not assist in any way, resulting in the Provincial Administration Office engaging a contractor to build a 1 x 2 classroom block as opposed to the initial plan of building a 1 x 3 classroom block. This was done after further consultations with the Provincial Buildings Engineer, bearing in mind that only K150,000 was available for the project.

The Controlling Officer also submitted that the project was still in progress and would be completed once the balance of K36,981 was funded by the Treasury. Further, a provision was made under dismantling of arrears in the 2018 budget to complete the project. The project had been budgeted for in the 2019 budget for the completion of the remaining works, as funds in the 2018 Budget were yet to be released.

Committee's Observations and Recommendations

The Committee finds it regrettable that the Provincial Administration proceeded to construct a 1 x 2 classroom block without any signed contract and only based on a local purchase order. This is unacceptable as it was done in total disregard of laid down procurement procedures. The Committee is also concerned about the lack of funds to complete the works. It, therefore, urges the Controlling Officer to put measures in place to augment the technical capacities of the Procurement Department and also urges him to follow up the funds for the completion of the works. The Committee will await a progress report.

c. Failure to Rehabilitate the Minister's House

The Controlling Officer submitted that the Minister's house was in a deplorable state and required huge sums of money to rehabilitate. The Provincial Administration engaged the Ministry of Works and Supply to assess the damage on the house and advise on how they should proceed on the matter. The Committee was informed that as an alternative, based on the cost estimates that would arise, management proposed the construction of a new house for the Minister.

The Controlling Officer submitted that despite the amount received, the works could not be undertaken on the Minister's house because the balance that remained was not adequate to undertake the rehabilitation. The Bill of Quantities for the full rehabilitation which included water reticulation, road works, sewer and landscaping amounted to K3 million.

He assured the Committee that going forward, he would request the Ministry of Finance to fund the cost of the rehabilitation works and ensure that the house was habitable.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to expeditiously seek the intervention of the Ministry of Finance to provide more funding for the rehabilitation of the Minister's house and make it habitable, without delay. The Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT – COPPERBELT PROVINCE

AUDIT QUERY	:	PARAGRAPH 62
UNIT	:	01 Headquarters
PROGRAMME	:	2 Personal Emoluments
ACTIVITIES	:	Various

Accounting and Other Irregularities

57. An examination of accounting and other records maintained at Provincial Administration carried out during the period from January to March, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Over payment of Salaries due to Wrong Salary Scales – K76,282

The Controlling Officer submitted as follows:

- i. the salary scale of District Works Supervisor and the Senior Works Supervisor were revised based on the Job Evaluation and Re-grading (JERG) Exercise results with effect from 1st September, 2013 as set out in Public Service Management Division Circular B22 of 30th August, 2013;
- ii. the salary scale of Drain Handyman was (A), the officer was placed in (B) by virtue of his appointment;
- iii. the officer who moved from General Worker Salary Scale (A) to Electrician Salary Scale (F) was as a result of upgrading as directive received from PSMD;
- iv. two officers moved from Community Development Assistant Salary Scale (F) to Salary Scale (H). This was necessitated by the revision of the Conditions of Service based on the Job Evaluation and Re-grading (JERG) exercise results with effect from 30th September, 2013.
- v. one officer moved from Technologist Forestry Salary Scale (G) to Technologist Forestry Salary Scale (H). This was necessitated by the revision of the Conditions of Service based on the Job Evaluation and Re-grading (JERG) exercise results with effect from 30th September, 2013;
- vi. the salary scale for Office Orderly was (A) and the officer was upgraded from Office Orderly Salary Scale A to Senior Office Orderly, Salary Scale (B), since the officer was promoted; and
- vii. the salary scale of Telephone Operator was elevated from Salary Scale C to Salary Scale D. This elevation in salary scales was necessitated by the revision of the Conditions of Service as per Public Service Management Division Circular Number B10 of 12th July, 2013.

Committee's Observations and Recommendations

The Committee expresses concern over the failure by officers to provide information to the auditors and recommends that the Controlling Officer takes disciplinary action against them. The Committee will await a progress report on the matter

b. Irregular Payment of Housing Allowances – K6,995

The Controlling Officer submitted that the Housing Allowance was withdrawn and recoveries had since been effected.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against the officer who authorised the irregular payment of these allowances. The Committee directs the Controlling Officer to ensure that the recoveries are verified. It will await a progress report on the disciplinary matter.

c. Irregular Payment of Commuted Night Duty Allowance – K29,632

The Controlling Officer submitted that officers based at Simon Mwansa Kapwepwe International Airport were being paid commuted Night Duty Allowance because it was introduced in 2009 for technical staff based at International Airports. Furthermore, both Public Service Management Division Circular No.22 of 2013 and Public Service Management Division Circular No.10 of 2013 stated that Commuted Night Duty Allowance shall be paid to eligible employees through the payroll at the rate of 7 percent of monthly basic salary.

Committee's Observations and Recommendations

The Committee expresses concern over the failure by officers to provide information to the auditors and recommends that the Controlling Officer takes disciplinary action against them. The Committee will await a progress report on the matter.

d. Irregular Payment of Rural and Remote Hardship Allowances – K184,289

The Controlling Officer submitted that Rural and Remote Hardship Allowance was paid to some officers who were stationed in Mpongwe, Masaiti and Lufwanyama because the officers were eligible for this allowance since these districts were designated as rural.

The Committee was also informed that four officers were transferred to urban areas but still maintained their pay points in the rural districts. For such officers, the allowance was withdrawn and recoveries were effected. The Committee was further informed that three officers were drawing Rural Hardship Allowance on pay points that were designated as neither rural nor remote but were allocated Remote and Rural Hardship Allowance in the system. The allowance was withdrawn and recoveries had since been effected.

The Controlling Officer also submitted that the remaining eleven officers were rightfully paid Remote and Rural Hardship Allowances because they were physically stationed in locations designated as rural / remote.

The Committee was informed that the position in respect of the Provincial Water Development Officer was still being occupied by a substantive holder, who had since been transferred to Lusaka Province.

The Committee was also informed that the Community Development Officer was transferred from Mpongwe to Ndola for administrative convenience.

With regard to the three officers drawing Rural and Remote Hardship Allowances for positions in urban areas, the Controlling Officer submitted that it was as a result of a payroll system error, which automatically allocated the said allowances to the positions.

The Committee learnt that the position of the Typist at the Office of District Commissioner in Luanshya was frozen, hence the Typist from Lufwanyama was transferred to Luanshya District Office for administrative convenience only.

To arrest the situation, the Controlling Officer submitted that recoveries in respect of ineligible officers had been effected. With regard to errors arising from the payroll system,

contra entries had been effected on the payslips to ensure that no funds were erroneously going to the ineligible officers.

The Committee was informed that a system had been put in place to avoid the recurrence of errors by ensuring monthly payroll verifications.

Committee's Observations and Recommendations

The Committee expresses concern over the failure by officers to provide information to the auditors and recommends that the Controlling Officer takes disciplinary action against them. The Committee will await a progress report on the matter.

e. Failure to Effect Half Pay – K120,421

The Controlling Officer submitted that the half salary could not be effected because the Senior Water Engineer was placed on forced leave by the Permanent Secretary in the Ministry of Energy and Water Development. Forced leave did not warrant half pay.

On the other hand, the Forestry Technician was convicted by the Courts of Law and his salary was blocked pending disciplinary action.

Committee's Observations and Recommendations

The Committee expresses concern over the failure by officers to provide information to the auditors and recommends that the Controlling Officer takes disciplinary action against them. The Committee will await a progress report on the matter.

f. Introduction on Payroll Without Authority – K47,243

The Controlling Officer submitted that one civil servant had an appointment letter from the Public Service Management Division, while the other three non-civil servant employees had appointment letters from the Controlling Officer for Copperbelt Province.

Committee's Observations and Recommendations

The Committee expresses concern over the failure by officers to provide information to the auditors and recommends that the Controlling Officer takes disciplinary action against the officers who failed to provide information to the auditors. The Committee will await a progress report on the matter.

g. Failure to Conclude Staff Disciplinary Case

The Controlling Officer submitted that the Officer had since been removed from the payroll and that the delay in concluding this case was due to delayed response from the Public Service Management Division in providing a recommendation letter for dismissal from the Provincial Administration.

The Controlling Officer further submitted that upon receipt of the dismissal letter, all monies paid to her would be recovered from the officer's terminal benefits.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to be proactive and not wait for the audit process to address the human resource matters at the Provincial Administration. The

Committee will await a progress report on the recovery of the monies from the officer's terminal benefits.

h. Payments of Salaries to Unknown Officers - K285,556

The Controlling Officer submitted that the Provincial Administration conducted the payroll validation, certification and verification exercise in September to October, 2017.

During the exercise, the officers cited in the Auditor General's Report were not at their physical station. However, it was established as follows:

- i. **Leslie Kamangu** – was transferred from National Registration Office Ndola to National Registration Office Lusaka.
- ii. **Steve Chowa** – the officer was at the time of payroll validation reported to be sick and outside his payroll district. The officer had since passed on.
- iii. **Victor Kapambwe** – The officer was at the time of payroll validation under the Ministry of Education payroll as a watchman at Chililabombwe District Education Board Office, despite being administratively upgraded and transferred from Ministry of Education to Provincial Administration as a driver.
- iv. **Three** officers, namely Senior Inspector Factories and two Community Development Assistants were at the time of payroll validation reported to have deserted their work stations. One Community Development Assistant had since been dismissed, whereas disciplinary proceedings were in the process for the other two officers.
- v. **Evans Chisanga** – the Officer was working as Revenue Collector in the Defunct Roads Traffic Commission (RTC). The officer was ear marked for redeployment. However, during the payroll validation, it was established that he was not deployed. The officer's salary was blocked.

Committee's Observations and Recommendations

The Committee observes that the Provincial Administration rarely conducts payroll validation, certification and verification exercises, which is resulting into irregularities on the payroll as evidenced by the audit findings. The Committee, therefore, recommends that the Provincial Administration should be carrying out payroll validation at least every quarter of each year. It also urges the Controlling Officer to ensure that all the anomalies are corrected without fail. The Committee will await a progress report.

i. Misplacement of Payroll Area

The Controlling Officer submitted that during the payroll validation, certification and verification, it was established that the officers cited in the Auditor General's report were not at their physical station. It was established that:

- i. **Mr. Bernard Sinkala**– At the time of payroll validation, the officer was attached to the Office of District Works Supervisor in Luanshya, under Buildings Department.
- ii. **Mr. Emmanuel Kalutwa** – During the payroll validation exercise, the officer was transferred from Kitwe District Administration to Provincial Administration Central Province. The payroll had since been transferred to Central Province.
- iii. **Mr. Pumulo Situmbeko** – During the payroll validation exercise, the officer was not physically at the station. However, management confirmed that the officer was transferred to Lusaka Labour Office Headquarters.

- iv. **Ethel Chanda** – During the payroll validation exercise, the officer was still on the Copperbelt payroll despite being transferred from Provincial Administration Copperbelt to Lusaka Province. The payroll had since been transferred to Lusaka Province.
- v. **Christine Zulu Yanga** – During the payroll validation exercise, the officer was not at the physical station. During the same period, she resigned from the civil service. The officer had since been removed from payroll.

The Controlling Officer assured the Committee that going forward, the administration would ensure that quarterly payroll validation exercises were conducted.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all the anomalies are corrected without delay. The Committee will await a progress report.

OFFICE OF THE PRESIDENT – COPPERBELT PROVINCE

AUDIT QUERY	:	PARAGRAPH 63
UNIT	:	Various
PROGRAMME	:	General Administration
ACTIVITIES	:	Various

Accounting and Other Irregularities

58. An examination of accounting and other records maintained at the Provincial Administration and five selected District Administration offices namely; Ndola, Lufwanyama, Masaiti, Kitwe and Mufulira, carried out from January to March, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Avail Bank Account Records – Ndola District Administration Office.

The Controlling Officer submitted that the Accounts Form 49 requesting for authority to open the accounts, bank statements for the three accounts and the cash books, ledgers, banking slips and expenditure details were available for audit scrutiny.

The Controlling Officer informed the Committee that he had instructed the Internal Audit team to carry out an audit of the three accounts, after which he would invite the Office of the Auditor General to include the audit of income and expenditure for the year ended 31st December, 2017, as part of their 2018 Statutory Audit.

The Controlling Officer also submitted that the DMMU account had been recommended for closure on account of it being dormant for some time. In addition, he informed the Committee that no account in the Province would be opened without following the laid down procedures as stipulated in *the Public Finance Management Act, No. 1 of 2018*.

Committee’s Observations and Recommendations

The Committee directs that all available documentation be submitted for verification by the Auditor General. The Committee will await a progress report on the audit by the internal auditors of the three accounts.

b. Unsupported Payments – K60,929

The Controlling Officer submitted that payments totalling K47,780 had been supported with relevant documentation such as receipts and these were available for audit verification. Payments totalling K13,149 were awaiting issuance of transmission copies, which was proof that payments were made to suppliers of goods and services.

The Committee was informed that due to IFMIS system failure, the payment vouchers lacked supporting documentation such as form of transmission copies, which was proof of payment.

Committee’s Observations and Recommendations

The Committee notes that the IFMIS system has been running since June, 2018 and urges the Controlling Officer to ensure that payments totalling K13,149 are supported accordingly. The Committee will await a progress report on the matter.

c. Irregular Payment of Subsistence Allowance Within the District – K20,250

The Controlling Officer submitted that it was true that subsistence allowances totalling K20,250 were paid to seventeen officers in Ndola and Kitwe Districts. In view of the foregoing, management had initiated recoveries from the officers who were erroneously paid subsistence allowance from Ndola, while inputs for the officers from Kitwe had been processed.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against the officer who approved the irregular payment and ensure that all the money irregularly paid is fully recovered. The Committee will await a progress report on the matter.

d. Overpayment of Subsistence Allowance – Ndola District Administration Office – K1,970

The Controlling Officer submitted that the overpayment was as a result of inadequate supervision at the Ndola District Office. However, recoveries had been effected on the officers through the payroll.

Further, the Committee was informed that an Accounting Officer had been assigned to the District to ensure that payments were made in accordance with the relevant laws and regulations.

Committee’s Observations and Recommendations

The Committee urges the Controlling Officer to mete out disciplinary action against the officer who approved the over payment and to ensure that all the money paid is fully recovered. The Committee will await a progress report on the matter.

e. Irregular Payment of Hotel Bills – K66,438

The Controlling Officer submitted that the officers were accommodated at the hotel due to the delay in payment of their Settling-in Allowances. In the absence of a Circular from Cabinet Office stipulating how long an officer should be accommodated at a hotel, the Controlling Officer used his discretion to pay for accommodation for the officers whose transfers were with immediate effect. However, deductions had been effected to recover the amounts paid from the said officers.

Committee's Observations and Recommendations

The Committee strongly cautions the Controlling Officer to always ensure that authority to vary funds is sought from the Secretary to the Treasury before spending. The Committee urges the Controlling Officer to also ensure that all the recoveries are made without fail. The Committee will keep the matter active until all the recoveries are made.

f. Unaccounted for Stores

The Controlling Officer submitted that amounts totalling K26,110 for general stores and K1,450 for fuel procured during the year under review had been supported with relevant documentation such as receipt and disposal details. These were available for audit verification.

The failure to avail the documents was due to non-availability of the laptop, because of a change in office bearers in the office of the Provincial Minister. The other laptop was allocated to an officer who was stationed at Levy Mwanawasa Stadium.

The Committee was informed that the fuel disposal details were delayed due to a dispute that arose in reconciling the statement provided by the filling station.

The Committee was also informed that the Provincial Administration was a VAT Withholding Tax Agent on behalf of the Zambia Revenue Authority (ZRA). As a result, the office paid net amounts for goods to suppliers and remitted VAT to ZRA. The filling station charged VAT on the net amount, thereby, reducing the quantity of fuel paid for. The disposal details for the fuel were 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 documents to the auditors. The Committee recommends the matter for closure subject to audit verification.

Committee's General Observations and Recommendations

While noting that the accounts for the Provincial Administration were unqualified during the period under review, the Committee finds it unacceptable that there is total disregard of procurement procedures at the Provincial Administration as evidenced by the participation of some of the ineligible bidders in an auction for disposal of assets, contrary to the laid down regulations, the engagement of contractors without signed contracts and the payment of hotel bills without consultation with the Cabinet office. In this regard, the Committee urges the Secretary to the Treasury to closely monitor financial operations at the Provincial Administration to ensure adherence to procurement procedures.

OFFICE OF THE PRESIDENT - CENTRAL PROVINCE

AUDIT QUERY	:	PARAGRAPH 64
UNITS	:	Various
PROGRAMME	:	Personal Emoluments and General Administration
ACTIVITIES	:	Various

Accounting and Other Irregularities

59. A review of accounting and other records maintained at the Provincial Administration and four District Administration offices namely; Serenje, Itezhi-Tezhi, Mumbwa and Kabwe, carried out from February to May, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Irregular Payment of Rural and Remote Hardship Allowance - K66,450

The Controlling Officer submitted as follows:

- i. the payroll area for the officer who was paid Remote Hardship Allowance was Ngabwe District, which was classified as remote. However, the officer was physically stationed in Kabwe;
- ii. the payroll area for the seven officers who were paid Rural Hardship Allowances was classified as urban. However, this payroll area was configured on the PMEC system as Rural, hence, Rural Hardship Allowance was paid automatically;
- iii. recoveries were running for five officers;
- iv. recoveries against three officers would be effected once their salaries were unlocked on the PMEC system;
- v. in an event of the officers separating from the Civil Service, recoveries would be made from their terminal benefits; and
- vi. the payroll area where Rural Hardship Allowance was wrongly paid had since been classified as urban on PMEC system.

Committee's Observations and Recommendations

The Committee notes with disappointment that the Provincial Administration could not identify the irregular payment before the audit and only began to react after the audit findings. The Committee, therefore, recommends that disciplinary action be taken against the officers who failed to detect the irregular payments. The Committee urges the Controlling Officer to ensure that the officer earmarked for Ngabwe District is deployed accordingly. The Committee also urges the Controlling Officer to urgently follow up the issue of locked salaries for the three officers on the PMEC system, in order to effect the recoveries. The Committee further urges the Controlling Officer to ensure that all recoveries are made in full from all the affected officers without delay. The Committee will await a progress report on the matter.

b. Failure to Convene Audit Committee Meetings

The Controlling Officer submitted as follows:

- i. the Audit Committee comprised five members, but two committee members left the province, leaving the number of available members to three;

- ii. for the period under review, the quorum was not met because members were not active, hence the failure to fulfil the required four Audit Committee meetings during the financial year;
- iii. the Provincial Administration had since written to the Secretary to the Treasury requesting him to appoint two members to replace the ones who had left; and
- iv. the three members had shown a level of commitment by ensuring that one sitting was held, while the other one would be held during the first week of December, 2018.

Committee's Observations and Recommendations

The Committee wonders why this information was not provided to the auditors and calls for disciplinary action against all officers responsible for this lapse. Further, the Committee finds it unfortunate that persons identified to serve the public in such an important committee are not active. The Committee also observes that the Controlling Officer did not show commitment to ensure that the meetings were held as stipulated. The Committee, therefore, sternly cautions the Controlling Officer to ensure that the two vacant positions in the Audit Committee are filled urgently and to ensure that the fourth quarter meeting is held without fail. The Committee will await a progress report on the matter.

c. Unsupported Payments – K11,673

The Controlling Officer submitted that the receipts were not collected on time as a result of IFMIS breakdown. However, the receipts in question had since been collected and were available for audit verification.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

d. Failure to Remit Tax – K86,184

The Controlling Officer submitted that the failure to remit the tax amount in question was as a result of IFMIS system breakdown. The Ministry of Finance had produced a report to that effect.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission very unsatisfactory in that the IFMIS was operational by 4th June, 2018 in all the MPSAs (Ministries, Provinces and Spending Agencies) across the country. The Committee, therefore, strongly prods the Controlling Officer to be proactive and to ensure that the outstanding amounts of the collected funds for Value Added Tax (VAT) amounting to K86,184 are remitted without fail. The Committee will await a progress report on the matter.

e. Unaccounted for Stores

The Controlling Officer submitted that the stores records in question were only recorded on bin cards and not in the stores ledger. The information had since been transferred to the stores ledger and disposal details were available for verification.

Committee's Observations and Recommendations

The Committee expresses disappointment at the Provincial Administration's failure to inform the auditors about such simple information in order to have this matter dropped from the audit report. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to provide information to the auditors. The Committee will await a progress report on the matter.

f. Unaccounted for Revenue – Kabwe Skills Training Centre – K8,200

The Controlling Officer submitted that the responsible officer was cautioned and recoveries from his salary had been effected.

Committee's Observations and Recommendations

The Committee observes that the action taken by the Controlling Officer demonstrates how the issue was trivialised at Provincial Administration. The Committee, therefore, recommends that appropriate disciplinary action be taken against the erring officer, and that funds be recovered without fail. The Committee, therefore, resolves to await a progress report on the matter.

g. Weaknesses in the Administration of Funds at District Administration Offices

i. Irregular Use of Imprest – K17,710

The Controlling Officer submitted the following:

- the District Commissioners had been cautioned;
- going forward, Treasury and Financial Management Circular No. 9 of 2018, dated 4th April, 2018 would be adhered to with regard to the use of imprest;
- employment of accountants in districts that did not have accounting staff had been undertaken; and
- the Finance Department headed by Director of Finance had been tasked to conduct regular checks and training in financial management for District Commissioners and staff.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's response unacceptable and sternly cautions him to desist from waiting for external audit to identify the inefficiencies in the Provincial Administration. The Committee, however, resolves to close the matter subject to verification of the submissions.

ii. Serenje District

• Missing Payment Vouchers

The Controlling Officer submitted that payment vouchers were missing because there was suspected fraud committed by the Assistant Accountant attached to the office. The matter was reported to the police for investigation. Further, the officer had been suspended pending investigations.

Committee's Observations and Recommendations

The Committee resolves to await a progress report on the outcome of police investigations.

- **Failure to prepare Bank Reconciliations**

The Controlling Officer submitted the following:

- (i) Failure to prepare bank reconciliation resulted from missing documents due to the suspected fraud committed by the Assistant Accountant;
- (ii) Finance Department headed by Director of Finance had been tasked to conduct regular checks and training in financial management with District Commissioners and staff; and
- (iii) recommendation for employment of accountants in the districts that did not have accounting staff had also been done.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take keen interest in the financial operations of the district and ensure that they adhere to the financial regulations. The Committee counsels the Controlling Officer not to trivialise the benefits of regularly preparing bank reconciliations for the districts. The Committee observes that failure to do so may result into serious financial irregularities in the districts of Central Province. The Committee resolves to await a progress report on the outcome of the request to employ accountants in the affected districts and the implementation of regular checks and financial management training by the Finance Department.

OFFICE OF THE PRESIDENT – NORTHERN PROVINCE

AUDIT QUERY	:	PARAGRAPH 65
DEPARTMENTS	:	Various
PROGRAMMES	:	Recurrent Departmental Charges
ACTIVITIES	:	Various

Accounting and Other Irregularities

60. An examination of accounting and other records maintained at the Provincial Administration and Mbala, Chilubi and Mporokoso District Administration offices carried out in February and March, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Remit Tax – K15,941.50

The Controlling Officer submitted that the K15,941.50 represented the full amount of tax payable to Zambia Revenue Authority. The officers only received a part payment of K5,000 and K2,000, respectively, out of which tax amounting to K1,712.23 had been paid and the officers were still being owed about K40,000 and K8,000, respectively. The tax payment would be made in full when the officers were fully paid their dues.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to provide information to the auditors. The Committee also urges the Controlling

Officer to ensure that the two officers are paid their Settling-in-Allowances in full and subsequently pay Zambia Revenue Authority, the Pay As you Earn (PAYE) deductions. The Committee will await a progress report on the matter.

b. Failure to Deduct PAYE Tax

The Controlling Officer submitted that the payments amounting to K129,968 were part payments to various officers in form of Leave Terminal Benefits, Long Service Bonus and Settling-In-Allowances. The tax had since been paid as set out in the table below.

Station	Amount K	Tax paid
Chilubi DC's Office	59,498	20,824.30
Mporokoso DC's Office	70,470	24,664.50
TOTAL	129,968	45,488.80

Committee's Observations and Recommendations

The Committee expresses concern that payments were only made after the audit period. This shows that the Provincial Administration is being reactive to the audit process. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to remit taxes on time. However, the Committee recommends the matter for closure subject to audit verification.

c. Failure to Insure Motor Vehicles

The Controlling Officer submitted that the thirty-seven motor vehicles and bikes belonging to various departments had since been insured. Departments did not earlier insure the motor vehicles because of inadequate funding during the period under review.

Committee's Observations and Recommendations

The Committee notes the response and urges the Controlling Officer to ensure that motor vehicles were insured at all times as insurance would cover the costs of repairing or replacing a motor vehicle in the event of an accident. The Committee recommends the matter for closure subject to audit verification.

d. Failure to Settle Insurance Premiums – Mbala District – K14,300

The Controlling Officer submitted that the insurance premium had since been paid and that the failure to clear the bills was due to lack of funding.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

e. Failure to Insure Buildings

The Controlling Officer submitted that the building could not be insured during the period under review, because there was no provision for the insurance of buildings in the 2017 budget.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to engage that the Ministry of Works and Supply with regard to the insurance of Government buildings in the Province. The Committee will await a progress report on the matter.

f. Construction of a Modern Bus Station in Kasama District

The Controlling Officer submitted that the works at the construction site had stalled because the project was under budgeted in 2017. He further submitted that the completion of the project had been budgeted for in the 2019 budget.

Committee’s Observations and Recommendations

The Committee finds the Controlling Officer’s submission unacceptable and notes that Jonko Contractors and General Dealers of Kasama District was engaged to construct eight ticketing booths and a luggage bay at Chikumanino Bus Shelter for 90 days ending 31st March, 2016. However, works had stalled in May, 2018. The Committee, therefore, recommends that the Controlling Officer mobilise funding in order to complete the works. The Committee will await the progress report on the matter.

OFFICE OF THE PRESIDENT – WESTERN PROVINCE

AUDIT QUERY	:	PARAGRAPH 66
UNIT	:	Various
PROGRAMME	:	General Administration
ACTIVITIES	:	Various

Accounting and Other Irregularities

61. An examination of accounting and other records maintained at the Provincial Administration during the period from December, 2017 to March, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Utilise Funds – K654,186

The Controlling Officer submitted that the funds in question could not be utilised within the financial year under review, because of the lengthy procurement process required in the servicing of vehicles by franchise dealers. The process could not be concluded before the end of the financial year.

In this regard, the Controlling Officer submitted that management would endeavour to speed up the procurement process, so that funds released by the Treasury could be utilised within the financial year.

Committee’s Observations and Recommendations

The Committee is disappointed that funds provided for use could not be utilised despite the glaring needs at the Provincial Administration. The Committee wonders why the Controlling Officer did not apply for authority to retain the funds so as to complete the procurement in the following year. The Committee calls upon the Controlling Officer to be proactive and to ensure due diligence in dealing with procurement matters henceforth. The Committee resolves to close the matter.

b. Unretired Accountable Imprest – K50,451

The Controlling Officer submitted that the imprest in amounts totalling K50,451 issued to five officers had since been retired and the retirement vouchers were available for verification. In order to address this shortcoming, the Treasury issued guidelines under

Treasury Circular No. 5 of 2018 to control the imprest payments in all Government institutions.

Committee's Observations and Recommendations

The Committee finds it unacceptable that the imprest is only being retired after the audit period, bringing into question the authenticity of the available retirement vouchers.

The Committee, therefore, sternly cautions the Controlling Officer to be proactive in accounting for Government funds at the Provincial Administration. Additionally, the Committee recommends that appropriate disciplinary action be meted out on the officers who delayed the retirement as well as those who failed to enforce the financial regulations with regard to the retirement of imprest in this case. The Committee resolves to await a progress report on the matter.

c. Claims without Obtaining Prior Authority – K63,983

The Controlling Officer submitted that documents indicating that prior authority was sought and granted were available and ready for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action officers who failed to avail the documents to the auditors during the audit process. The Committee will await a progress report on the matter.

d. Failure to Withhold Value Added Tax (VAT)

The Controlling Officer submitted that the anomaly was mainly due to technicalities with IFMIS payment system which could not deduct the 16 percent of K1,046,069, amounting to K167,371.35, from the suppliers of Goods and Services. He further submitted that a review of the payments was carried out after the audit observation and it was discovered that out of K167,371.35, an amount of K74,494.22 was attributed to VAT registered agents. A balance of K92,877.13 was attributed to non VAT Registered suppliers, who pay turnover tax to ZRA.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission unacceptable and urges the Zambia Revenue Authority to recover the money from all the VAT registered suppliers who transacted with the Provincial Administration. The Committee will await a progress report on the matter.

e. Irregular Payments

i. Meal Allowances – K13,540

The Controlling Officer submitted that recoveries had been instituted against the erring officers, and an amount totalling K9,800 was to be collected while the balance of K3,740 could not be effected as net salaries of concerned officers were below the debt service ratio of 40 percent.

He additionally submitted that all the Sub Warrant Holders had been cautioned not to approve payments of meal allowance contrary to the Cabinet Circular No. 11 of 2013.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer and requests him to institute disciplinary action against the concerned staff so as to avert further violation of the laid down regulations. The Controlling Officer should ensure that recoveries from officers below the debt service ratio of 40 percent are effected to serve as a deterrent. The Committee will await a progress report on the matter.

ii. Subsistence Allowances – K21,185

The Controlling Officer submitted that recoveries for amounts totalling K20,145 had been instituted against officers who were irregularly paid Daily Subsistence Allowances (DSA) within the district boundaries.

He also submitted that he had written to PMEC to effect recoveries amounting to K1,040 for one officer who was not on the Provincial Administration payroll.

He further submitted that he had written to the Secretary to the Cabinet, requesting for a waiver to pay subsistence allowance to officers who carried out Government assignments within the district but were unable to make it back to their homes within a day.

Committee's Observations and Recommendations

The Committee observes with disappointment that there is no due diligence taken by the Accounting Department to ensure that irregular payments are avoided. The Committee further observes that such a payment could be avoided if prior information of district boundaries was obtained. The Committee, therefore, urges the Controlling Officer to institute disciplinary action against all officers who facilitated and approved these irregular payments. The Committee also urges the Controlling Officer to ensure that all the irregular payments are recovered without delay. The Committee will await a progress report on the matter.

iii. Conference Services without Authority – K2,550

The Controlling Officer reported that the Provincial Administration Office did not have conference facilities to host all the accounting staff in the Province. In this regard, authority was sought from the Controlling Officer based on Cabinet Circular Number 9 of 2012.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to provide information to the auditors. The Committee will await a progress report on the matter.

f. Irregular Settlement of Officers' Bills for Meals and Accommodation – K111,655

The Controlling Officer submitted as follows, regarding the irregular settlement of officers' bills for meals and accommodation:

- i. recoveries in amounts totalling K77,121 had been instituted from one officer;

- ii. a letter had been written to the Secretary to the Treasury, through the office of the Accountant General, to help institute recoveries for the former Permanent Secretary who was currently in the foreign service;
- iii. a letter had been written to the Secretary to the Treasury, through the office of the Accountant General, to help institute recoveries from the benefits of the former Provincial Minister;
- iv. further, recoveries amounting to K6,600 had been instituted from officers for settlement of bills for meals and accommodation that were accrued to lodges by the officers on transfer from other stations to the Provincial Administration in Western Province; and
- v. with regard to the officers who were not sitting on the Provincial Administration payroll, the Controlling Officer submitted that he had written to PMEC to recover the balance of K11,930.

Committee's Observations and Recommendations

The Committee finds it unfortunate that public officers can be at the centre of an irregular payment of such a huge amount, which could have been utilised for other projects in the Province. The Committee is disappointed to note that recoveries from the former Minister, former Permanent Secretary and other officers with payrolls sitting out of the Provincial Administration have not been effected. In this vein, the Committee recommends that disciplinary action be taken against officers who made the irregular payments. The Committee also urges the Accountant General to ensure that the recoveries are instituted from officers whose payrolls are outside the Provincial Administration immediately. The Committee will await a progress report on the matter.

g. Failure to Settle Insurance Premiums – K215,571.24

The Controlling Officer submitted that the outstanding balance in amounts totalling K215,571.24 would be paid once the Provincial Administration was funded for the activity. Meanwhile, the Committee learnt that on 29th September, 2017, insurance premiums in amounts totalling K812,753.00 were paid through a debt swap leaving K215,571.24 still outstanding as at 31st August, 2018.

Committee's Observations and Recommendations

The Committee appreciates the effort by the Provincial Administration to settle the outstanding insurance premiums through a debt swap. The Committee, therefore, encourages the Provincial Administration to explore the same avenue to offset the outstanding balance. The Committee will await a progress report on the matter.

h. Wasteful Expenditure – Purchase of Surface Tablets – K80,000

The Controlling Officer submitted that the surface tablets were not in use at the time of audit because the e-Cabinet Platform was being implemented in phases. However, the Surface Tablets were in use after the Province was connected to the e-Cabinet Platform and officers had been oriented on the use of the surface tablets.

The balance of K34,132 owed to the supplier would be paid once the Provincial Administration received funding for dismantling of arrears.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to provide information to the auditors. It also resolves to await a progress report on the matter.

i. Unaccounted for Stores

The Controlling Officer submitted that receipt and disposal details for various store items had been prepared as shown in the table below.

Station	No. Of transactions	Amount (K)	Stores Accounted for (K)	Fuel Accounted for (K)	Balance Amount (K)
Provincial Admini	84	287 182.00	166 719.66	120 462.20	0.14
Mongu DC	9	8 683.00	8 683.00	-	-
Limulunga DC	14	9 655.00	9 655.00	-	-
Sikongo DC	7	15 155.00	15 155.00	-	-
Mwandi DC	5	6 107.00	6 107.00	-	-
Total	119	326 782.00	206 319.66	120 462.20	0.14

Evidence was available and ready for audit verifications.

Committee's Observations and Recommendations

The Committee observes that the Controlling Officer is being reactive to the audit process, which brings into question the authenticity of the documents that could not be 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 documents to the auditors and requests him to improve on record keeping at the Provincial Administration. The Committee will await a progress report on the matter.

j. Fuel Drawn by Officers at Level of Scale K and Above - Mongu District Administration

The Controlling Officer submitted that the recovery of K8,993 had been effected from the salary of the concerned officer.

Committee's Observations and Recommendations

The Committee finds the conduct by the officers in the Salary Scales (K to M), of using the Government pool fuel, unacceptable. It, therefore, recommends that appropriate disciplinary action be taken against all the officers who abrogated the provision of the Cabinet Circular No. 7 of 2012, regarding the use of Government pool fuel. This should include officers who authorised the drawing of the fuel as well as those who benefitted from this irregularity. The Committee will await a progress report on the matter.

k. Management of Transport

i. Failure to Maintain Vehicles

The Controlling Officer submitted the following:

- GRZ 806CK had been repaired and was running.
- GRZ 313CA had been earmarked for disposal
- GRZ 987CN had been earmarked for disposal

He further submitted that he had written to Government departments in the Province, requesting them to commence the process of disposal of unserviceable and obsolete equipment and motor vehicles.

Committee’s Observations and Recommendations

The Committee sternly cautions the Controlling Officer to desist from being reactive to matters of audit and urges him to urgently establish a Committee of Survey to start the disposal process of unserviceable and obsolete equipment and motor vehicles. The Committee will await a progress report on the matter.

ii. **Failure to Dispose of Unserviceable Vehicles**

The Controlling Officer submitted that he wrote to all Departments in the Province requesting them to commence the process of identifying obsolete equipment and motor vehicles that required to be disposed of.

Committee’s Observations and Recommendations

The Committee notes the Controlling Officer’s submission and urges him to establish a Committee of Survey to start the disposal process of the fourteen unserviceable motor vehicles. The Committee will await a progress report on the matter.

iii. **Irregular Maintenance and Repair by Private Garages - Mongu District Administration**

The Controlling Officer informed the Committee that he had written to the Mongu District Commissioner on the status of the vehicle in question and was awaiting a response after which appropriate action would be taken.

Committee’s Observations and Recommendations

The Committee notes with concern the delayed response by the District Commissioner to the exculpatory letter. It, therefore, recommends that appropriate disciplinary action be taken against the DC for taking the vehicle for maintenance to a private firm, without the written authority of the Controlling Officer. The Committee also recommends that the DC be orientated on the Financial Regulations for better management of the Mongu District Administration. The Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT – WESTERN PROVINCE

AUDIT QUERY	:	PARAGRAPH 67
UNITS	:	Various
PROGRAMME	:	Poverty Reduction Programmes (PRP)
ACTIVITIES	:	Various

Accounting and Other Irregularities

62. An examination of accounting and other records maintained at the Provincial Administration and physical inspection of selected projects carried out during the period December, 2017 to March, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Spend Funds – K472,515

The Controlling Officer submitted that he would ensure that funds released by the Treasury were spent on time within the same financial year.

Committee’s Observations and Recommendations

The Committee sternly cautions the Controlling Officer to be proactive and to ensure that funds released to the Provincial Administration are utilised on planned programmes within the financial year without fail. The Committee resolves to close the matter.

b. Unsupported Payments – K54,550

The Controlling Officer submitted that payments in amounts totalling K54,550 had been supported with cash sale receipts and were ready for audit 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. The Committee will await a progress report on the matter.

c. Misapplication of Funds – K584,570

The Controlling Officer submitted that amounts totalling K447,023.54 were paid to the correct programmes and activities under the Poverty Reduction Programme (PRP).

The amounts of K137,546.48 were borrowings to facilitate Government programmes when the Provincial Administration was not funded for Recurrent Departmental Charges.

Committee’s Observations and Recommendations

The Committee notes the Controlling Officer’s justification of the misapplication of funds with grave concern. The Committee finds the justification unacceptable, especially that it is coming from the head of the Provincial Administration. The Committee, therefore, urges the Controlling Officer to ensure that authority is sought whenever there is need to vary the use funds. The Committee resolves to close the matter subject to audit verification.

d. Failure to Withhold Value Added Tax (VAT)

The Controlling Officer submitted that the above anomaly was mainly due to the IFMIS payment system technical failures. He further submitted that most suppliers queried for VAT (other than Toyota Zambia, Lamasat International Zambia, and ZESCO Limited) were not VAT registered because they were paying turnover tax.

Committee’s Observations and Recommendations

The Committee finds the Controlling Officer’s submission regrettable and, therefore, urges the Zambia Revenue Authority to recover the money from all the VAT registered suppliers who carried out business with the Provincial Administration. The Committee will await a progress report on the matter.

e. Irregular Payments

i. Subsistence and Meal Allowances – K32,760

The Controlling Officer submitted that recoveries had since been instituted against officers who were irregularly paid subsistence and meal allowances while working within the district.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to institute disciplinary action against officers who authorised irregular payments. The Committee also urges the Controlling Officer to ensure that due diligence is taken before such payments are made in order to avoid irregularities. The Committee will, therefore, await a progress report.

ii. Use of Accountable Imprest – K92,500

The Controlling Officer submitted as follows:

- (i) The Ministry of Agriculture had indicated that it wanted to promote the local breed of cattle for the State Ranch in Shangombo District. The local breeds were only found with local farmers, who did not have bank accounts and did not accept cheque transactions. The prices for the commodity varied from supplier to supplier, depending on the need prompting the sale of cattle; and
- (ii) the variation in pricing made it difficult to ascertain the price of the animals at the time the payment was made. This prompted the use of imprest.

Committee's Observations and Recommendations

The Committee cautions the Controlling Officer to desist from using accountable imprest on activities that are not allowed to be funded from accountable imprest. The Committee urges the Controlling Officer to always adhere to Financial Regulation No. 86(c) when using accountable imprest and to seek guidance from the Secretary to the Treasury before any departures from these provisions. However, the Committee resolves to close the matter subject to verification.

f. Drilling of Boreholes – Water Affairs

The Controlling Officer submitted that the drilling was carried out in March, 2018, for the first site. Two attempts were made at the same site. However, the drilling was not successful owing to challenges encountered due to the geological formation that could not support air drilling. As a result of the collapsing formation, the conductor casing pipes got stuck at the first site. Attempts made to remove the conductor casing pipes by drilling on the sides were unsuccessful. The Committee was informed that one borehole had been successfully drilled and equipped at the second site.

It was further submitted that the Department would proceed with the drilling of the remaining borehole when fuel and drilling chemical was sourced. Drilling materials for the first site were in stock.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission very unfortunate. The Committee wonders whether the Water Affairs Department has qualified officers who could have evaluated the geological formation at the first site in order to avert this wasteful expenditure. The Committee, therefore, recommends that disciplinary action be instituted against the officers for failing to evaluate the geological formation. The Committee urges the Controlling Officer to ensure that fuel and drilling chemical are sourced in order to expeditiously drill and equip the remaining borehole. The Committee will await a progress report on the matter.

g. Infrastructure Development - Buildings Department

i. Irregular Payments - Construction of a Wall Fence and Rehabilitation of the Ablution Block – K69,573

The Controlling Officer submitted that the total amount of K7,740 cited in the Audit Report was not a standalone certificate for payment but it was an extract from the Bill of Quantities which the auditor perceived to have not been carried out.

He submitted that the works were carried out as indicated in the table below:

Works paid for but not done	Amount K	Paid on the Project	Funds Varied for Works at the DPS's	Our Comments
Painting of the ceiling board	600	-	600	Varied for barglar proofing of the DPS's residence
Painting of facial boards	540	540	-	The facial board was painted
Painting of galvanised steel pipe	2,100	2,100	-	The galvanised pipes were painted
Painting of asbestors cement pi	200	200	-	The asberstos pipes were painted
Clearing of tree stamp	2,000	2,000	-	Tree stamp along the wall fence was uprooted
Fitting of door frame	500	-	500	Fitting of door frame was varied to barglar proofing of windows at the DPS'
Fitting of door size 825x1960m	1,800	-	1,800	Fitting of door size 825x1960mm was varied to works at the DPS' residence
Total	7,740	4,840	2,900	

The works were completed and could be verified.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who failed to provide information to the auditors. The Committee will await a progress report on the matter.

ii. Rehabilitation of Minister's Conference Hall

The Controlling Officer submitted that the works in question were not done at the time of physical inspection by the auditors, because of a variation in the scope of works as follows:

- **Electrical installations not fitted: one air conditioner not working**
The air conditioner was replaced with a new one because it was beyond repair.
- **Plumbing installations not completed: head pillar tap marked hot and cold**
These were fitted and could be verified.
- **Carpentry, joinery and iron mongery were not done: fitting of asbestos, cement trafford roof sheets and fitting of two suspended gypsum acoustic ceiling boards.**
The asbestos cement trafford roof sheets could not be found locally, hence the contractor was instructed to seal the holes in the existing ones, and the suspended acoustic ceiling board was fitted. The works had since been completed and were ready for verification.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

iii. Questionable Rehabilitation of the District Commissioner's Residence – Lukulu

The Controlling Officer submitted as follows:

- 1) There was an oversight in the preparation of the contract document. It did not provide for a signature space for the person to sign on behalf of the employer; and
- 2) Tender minutes were not availed because the transaction was within the Permanent Secretary's threshold of approval. This was validated by the Permanent Secretary's approval of the Local Purchase Order Number 4500080334.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission disappointing. It finds it unacceptable that the entire Provincial Administration can fail to develop a standard contract document. The Committee, therefore, urges the Controlling Officer to take disciplinary action against officers who failed to prepare the contract documents and to ensure that qualified persons are attached to the Procurement Department, in order to avoid the recurrence of such irregularities. The Committee will await a progress report on the matter.

h. Construction of the Basket Ball Court - Sports Department

i. Failure to Avail Contract Documents

The Controlling Officer submitted that the Provincial Administration felt it was going to be cheaper to use a Government institution (Force Account) to carry out works. Therefore, there was no contract signed between Provincial Administration and Mongu Trades Training Institute. A schedule of works was however prepared and given to Mongu Trades Training Institute to be used during the execution of works.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to ensure that Mongu Trades Training Institute expedites the construction of a basketball court and avail a schedule of

works to the auditors, without fail. The Committee will await a progress report on the matter.

ii. **Undelivered Building Blocks – Mandanga Milling Company Limited**

The Controlling Officer submitted that the payment to Mandanga Milling Company did not settle in the suppliers' account due to IFMIS system failure. This was the reason for non collection of the blocks.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to ensure that 2,000 building blocks are delivered by Mandanga Milling Company, without fail. It also urges him to take disciplinary action against officers who failed to provide information to the auditors. The Committee will await a progress report on the matter.

iii. **Undelivered Building Materials**

The Controlling Officer submitted that the cement in question was being kept by the supplier on consignment stocking arrangement. The arrangement was arrived at to prevent further wastage of cement due to non-delivery of blocks.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to ensure that cement is delivered as soon as the 2,000 building blocks are delivered by Mandanga Milling Company. Additionally, the Committee urges the Controlling Officer to ensure that facia boards are delivered, without fail. The Committee will await a progress report on the matter.

iv. **Wasteful Expenditure – Caked Cement – K4,250**

The Controlling Officer submitted that the Provincial Buildings Engineer sought authority to mould blocks for the project using the same cement. Authority was granted and blocks had since been moulded.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

OFFICE OF THE PRESIDENT – WESTERN PROVINCE

AUDIT QUERY	:	PARAGRAPH 68
UNIT	:	Various
PROGRAMME	:	Personal Emoluments
ACTIVITIES	:	Various

Accounting and Other Irregularities

63. An examination of accounting and other records maintained at Provincial Administration carried out during the period December, 2017 to March, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Payment of Rural Hardship Allowance to Ineligible Employees – K113,511

The Controlling Officer submitted that according to the schedule from the Office of the Auditor General, the total amount queried was K138,585.71. Of this amount:

- Amounts totalling K127,192.13 were being recovered from the concerned officers through the payroll; and
- Amounts totalling K11,393.58 were correctly paid to an officer serving in Shangombo District.

Committee's Observations and Recommendations

The Committee finds it unacceptable that the Controlling Officer did not initiate recoveries of the irregularly paid allowance until the matter was raised by the auditors. In this regard, the Committee cautions the Controlling Officer for this omission and strongly recommends that he metes out disciplinary action against the officers who authorised the irregular payments. The Committee resolves to await a progress report on the matter.

b. Irregular Payment of Housing Allowance – K42,544

The Controlling Officer submitted as follows:

- recoveries for amounts totalling K30,310 were done, verified by the auditors and recommended for closure; and
- two officers, a District Messenger and a Driver who were queried for the amount totalling K11,934.51 were never accommodated in any Government house. Therefore, they were eligible to receive the Housing Allowance.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

c. Irregular Payment of Salary to Convicted Employee – K323,460

The Controlling Officer submitted as follows:

- The officer could not be removed from the payroll as there was no authority letter (dismissal letter) from PSMD;
- An amount of K28,442.23 was recovered from the officer's terminal benefits;
- Causality forms for amounts totalling K279,888.97 were submitted to the Ministry of Finance for onward submission to Pensions for payment of the officer's dues and deduction of debts to Government;
- An amount of K3,477.60 was attributed to the debts the officer owed Government in household loans. This was recovered during the period the officer was convicted; and
- The balance of K11,651.20 was attributed to statutory deductions such as NAPSA and PAYE.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission unacceptable. The Committee wonders why it took forty months to get a dismissal letter from PSMD. In this regard, the Committee calls upon the PSMD to improve their service delivery. The Committee, further urges the Controlling Officer to ensure that all the money is recovered without fail. The Committee will await a progress report on the matter.

Committee's General Observations and Recommendations

The Committee has noted an omission on the Controlling Officer to put in place measures to augment the issues such as record keeping; staff adherence to laid down procurement procedures; and misapplication of funds as a result of which, the Provincial Administration accounts were qualified during the period under review. The Committee observes that this is eminent because of weak internal controls. The Committee is of the view that the Controlling Officer is failing to supervise and put in place mechanisms that would augment the weak internal controls at the Provincial Administration. The Committee, therefore, urges the Secretary to the Treasury to take disciplinary action against the Controlling Officer for unsatisfactory performance of his duties.

OFFICE OF THE PRESIDENT – NORTH WESTERN PROVINCE

AUDIT QUERY : **PARAGRAPH 69**
PROGRAMME : General Administration
ACTIVITIES : Various

Accounting and Other Irregularities

64. An examination of accounting and other records maintained at the Provincial Administration Office carried out during the period from February to July, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Missing Payment Vouchers

The Controlling Officer submitted that accounts Form 5 and IFMIS payment voucher seemed to be misinterpreted as some of them were compound payments in one officer's name. He therefore, stated that one payment involving ten IFMIS electronically generated individual payments for the same activity were lumped on one person and this was even availed for audit. The eleven payment vouchers in amounts totalling K143,691 had since been resubmitted for verification.

Committee's Observations and Recommendations

The Committee notes the Controlling Officer's submission with concern. The Committee is of the opinion that since the payment vouchers could not be availed for audit, their authenticity is questionable.

The Committee urges the Controlling Officer to mete out appropriate disciplinary action against officers who failed to avail the vouchers during the audit process, as stipulated in the *Public Finance Management Act, No. 1 of 2018*. The Controlling Officer is also urged to submit the reportedly available documents for verification by the Auditor General.

b. Unretired Accountable Imprest – K93,757

The Controlling Officer acknowledged that documents for accountable imprest totalling K93,767, issued to three officers were not availed at the time of audit because they were initially queried as missing payment vouchers. The three retirements totalling K93,757 were available for verification.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

c. Failure to Withhold Value Added Tax

The Controlling Officer submitted that the value added tax (VAT) could not be collected from the suppliers in 2017 because the TPIN was being shared with Copperbelt Province from the time North Western Province became an agent, up to July, 2018 when the issue was resolved. In addition, out of K53,289 a total amount of K29,053.15 was paid to oil companies, ZAMTEL, and ZESCO whose payment systems did not support the withholding tax.

The Controlling Officer also submitted that officers were only oriented by ZRA officials in October, 2017 and September, 2018.

With regard to the suppliers that were paid inclusive of VAT, the Controlling Officer informed the Committee that a letter had been written to ZRA for it to make a follow up on the matter.

Committee’s Observations and Recommendations

The Committee notes with concern the sharing of a TPIN number between Copperbelt and North Western Provinces and the payment of oil companies, ZAMTEL, and ZESCO, inclusive of withholding tax.

The Committee, therefore, urges the Controlling Officer to make a follow up with ZRA to ensure that the matter of withholding tax is resolved expeditiously. The Committee will await a progress report on the matter.

d. Unaccounted for Motor Vehicles – Boarded Assets

The Controlling Officer submitted that there was a delay on the part of the buyers to pay for the vehicles. The five motor vehicles in amounts totalling K19,000 had since been paid for, and receipts were available for verification.

Committee’s Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

OFFICE OF THE PRESIDENT - NORTH WESTERN PROVINCE

AUDIT QUERY	:	PARAGRAPH 70
PROGRAMME	:	Personal Emoluments
ACTIVITIES	:	Various

Accounting and Other Irregularities

65. An examination of accounting and other records maintained at the Provincial Administration office carried out during the period from March to July, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Failure to Conclude Staff Disciplinary Cases

The Controlling Officer submitted that follow up efforts were still being made with the Public Service Management Division (PSMD) to resolve the issue regarding recommendations for dismissal of the two officers.

Committee's Observations and Recommendations

The Committee is extremely disappointed that suspended officers could remain on the payroll due to failure to conclude disciplinary cases for more than two years.

In this regard, the Committee urges PSMD to expeditiously conclude the cases so as to avoid more wastage of public resources. The Committee will await a progress report on the matter.

b. Questionable Unblocking of Salary

The Controlling Officer submitted that the officer's salary was unblocked directly from the headquarters in Lusaka without his knowledge. Efforts were still being made to follow up on the issue and retrieve the documentation supporting their action.

Committee's Observations and Recommendations

While noting the action taken by the Controlling Officer, the Committee finds it unacceptable that an officer could proceed on study leave without approval and that her salary could be unblocked from Lusaka, without engaging the Provincial Administration.

The Committee recommends that the Secretary to the Treasury to engage relevant officers in the quest to resolve this matter expeditiously. The Committee strongly recommends that disciplinary action be taken against all officers involved in this irregularity. Additionally, the Committee urges the Controlling Officer to familiarise his officers in the Province with the Public Service Code of Conduct and Disciplinary Procedures.

The Committee will await a progress report on the matter.

c. Payment of Officers on Wrong Salary Scale – K2,164

The Controlling Officer submitted that corrections for an officer placed on wrong salary scale and paid amounts totalling K45,470 instead of K43,306, resulting in an over payment of K2,164 had been effected and recoveries instituted on the payroll. Supporting documents were available for audit verification.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to take disciplinary action against officers who authorised the overpayment. The Committee will await a progress report on the matter.

d. Failure to Recover Salary Advances – K18,500

The Controlling Officer submitted that recoveries in respect of advances in amounts totalling K18,500 paid to two officers had been instituted on the payroll. Supporting documents were 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 documents to the auditors. The Committee will await a progress report on the matter.

OFFICE OF THE PRESIDENT – SOUTHERN PROVINCE

AUDIT QUERY	:	PARAGRAPH 71
PROGRAMME	:	General Administration
ACTIVITIES	:	Various

Accounting and Other Irregularities

66. An examination of accounting and other records maintained at the Provincial Administration carried out from January to May, 2018 revealed various irregularities, to which the Controlling Officer responded as set out below.

a. Misplacement of Payroll Area

The Controlling Officer submitted that out of the eight officers in question, one officer (Douglas Musole) had had his payroll transferred to his new duty station, while another officer (Taza Mwanse) had been retained to Provincial Administration, Southern Province for duty reassignment. He also submitted that for the remaining six officers, his office wrote to their respective ministries and institutions to transfer their payrolls from Provincial Administration in Southern Province, or to send the officers back to Southern Province for duty reassignment and a response was being awaited.

Committee's Observations and Recommendations

The Committee notes the Controlling Officer's response with concern. The Committee is disappointed that the Internal Auditors could not identify the anomaly in their routine audits. Additionally, the Committee observes that the Provincial Administration was not regularly reconciling the payroll and staff returns.

In this regard, the Committee urges the Controlling Officer to sternly caution his Internal Audit and Finance Departments' staff to ensure routine internal audits and regular reconciliation of payroll and staff returns, without fail. The Committee also urges the Controlling Officer to take disciplinary action against staff who failed to do reconciliations. It further urges the Controlling Officer to ensure that the remaining six officers have their pay points transferred from Provincial Administration, Southern Province. The Committee will await progress on the matter.

b. Misapplication of Funds

i. Provincial Administration

Provincial Administration – K626,106

The Controlling Officer submitted that his office requested for retrospective authority on 4th January, 2017 and a follow up letter was written on 4th June, 2018. He also submitted that the situation was necessitated by the need to complete rehabilitation and construction of Chiefs palaces. He further submitted that he had requested his predecessor and the head of accounts at the time to provide an explanation as to why funds were varied without authority.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's response misplaced and unfortunate in that there is no provision in the law which allows Controlling Officers to request for retrospective authority. The Committee is also concerned about the abrogation of the Appropriation Act of 2016 and the Financial Regulation No. 31 (1).

Further, the Committee observes with disappointment the tendency by the Controlling Officer to refer matters under his charge, to his predecessor.

The Committee, therefore, urges the Secretary to the Treasury to take keen interest in the financial operations at the Provincial Administration and ensure that the Controlling Officer is familiar with the book, *the Public Finance Management Act, No.1 of 2018* and the Financial Regulations.

The Committee also sternly cautions the Controlling Officer to take responsibility and provide an explanation as to why funds were varied without authority at the Provincial Administration, without fail. The Committee will await a progress report on the matter.

Child Protection, Advocacy, Capacity Building and Rehabilitation of VIP Houses

The Controlling Officer submitted that he had requested his predecessor and the Head of Accounts at the time to provide an explanation as to why funds were varied without authority.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to take responsibility and provide an explanation as to why funds were varied without authority at his Provincial Administration, without fail. The Committee will await progress report on the matter.

ii. District Commissioners' Offices – K23,040

The Controlling Officer submitted that he had written the District Commissioners, requesting each of them to provide an explanation as to why funds were varied without authority. He submitted that he had also warned the District Commissioners to desist from further misapplications.

Committee's Observations and Recommendations

The Committee observes with regret the tendency by the Controlling Officer to refer matters under his charge, to District Commissioners.

The Committee, therefore, sternly cautions the Controlling Officer to take responsibility and provide an explanation as to why funds were varied without authority. The Committee will await progress report on the matter.

iii. General Deposit Account – K28,760

The Controlling Officer submitted that he had requested his predecessor and the Head of Accounts at the time to provide an explanation as to why funds were varied without authority.

Committee's Observations and Recommendations

The Committee sternly cautions the Controlling Officer to take responsibility and provide an explanation as to why funds meant for factory inspections were varied without authority. The Committee will await progress report on the matter.

c. Unsupported Payments – K173,792

The Controlling Officer submitted that since the introduction of the Treasury Single Account, where the Ministry of Finance paid directly into vendors' accounts, obtaining receipts from vendors had proved to be a challenge. However, The Controlling Officer submitted that his office had written to the Secretary to the Treasury to liaise with the Office of the Auditor General, to accept transmission copies as proof of payment.

Committee's Observations and Recommendations

The Committee finds the Controlling Officer's submission regrettable. However, the Committee urges the Controlling Officer to ensure that the Provincial Administration obtains receipts from the vendors for all the payments without fail. The Committee will await a progress report of the matter.

d. Irregular Use of Accountable Imprest

Namwala and Mazabuka District Commissioners - K33,982, K46,918

The Controlling Officer submitted that the erring District Commissioner had since been written to and warned accordingly.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

e. Unaccounted for Stores

Provincial Administration

The Controlling Officer submitted that his office had written to the Secretary to the Treasury to liaise with the Auditor General's office to accept the transmission copies as proof of payment.

Choma and Mazabuka District Commissioners

The Controlling Officer submitted that he had cautioned the District Commissioners to ensure that documents were availed during the time of audit. The receipt and disposal details were available for verification.

Committee's Observations and Recommendations

The Committee finds the practice by the Office of the Auditor General, of not accepting transmission copies as proof of payment unfortunate, especially that the Government is using the IFMIS when making payments. With regard to Choma and Mazabuka District Commissioners, the Committee is concerned with the failure by the two officers to avail receipt and disposal details during the time of audit, a move that exhibits poor record keeping and a gross abrogation of *the Public Finance Management Act, No. 1 of 2018*.

In this regard, the Committee urges the Controlling Officer to obtain receipts from all the vendors, as proof of payment, in line with Public Stores Regulation No. 16 and submit them together with the transmission copies to the Auditor General. The Committee also urges the Controlling Officer to put measures in place which will ensure better record keeping at the Choma and Mazabuka District Administration Offices. The Committee further urges the Controlling Officer to orient all public officers under the Provincial Administration in the provisions of the *Public Finance Management Act, No. 1 of 2018*. The Committee resolves to await a progress report on the matter.

f. Weaknesses in the Management of Funds - Department of Land Resettlement

The Controlling Officer submitted that despite his office instructing the Ministry of Finance to pay the fuel supplier, the funds were still sitting in the Treasury Single Account. His office had since written to the Secretary to the Treasury to make payment in favour of the supplier for the fuel to be accessed to complete the works.

Committee's Observations and Recommendations

The Committee expresses disappointment that public officers can rush to pay themselves meal allowances before the actual work for which they are paid is carried out. The Committee also expresses concern at the inordinate delay in processing the payment to the supplier.

In this regard, the Committee urges the Controlling Officer to take disciplinary action against the Officer who authorised payment of Meal Allowances. The Committee further urges the Secretary to the Treasury to hasten the processing of the payment of funds when requested by MPSAs. In particular, the Committee requests the Secretary to the Treasury to ensure that the supplier is paid without any delay. The Committee will await a progress report on the matter.

g. Failure to Implement Activities- Infrastructure Development

i. Failure to Rehabilitate Swimming Pool – Hillcrest Technical High School

The Controlling Officer submitted that his office had since warned the two erring officers. With regard to retention of funds, he submitted that his office was constrained as Circular No. 1 of 2018 prohibited the practice.

Committee's Observations and Recommendations

The Committee finds the failure by the Provincial Administration to spend the funds before they were mopped back to the Treasury and the failure to seek authority to retain the same funds in accordance with Financial Regulation No. 36, unacceptable.

It, therefore, urges the Controlling Officer to mete out disciplinary action against the two erring officers in order to avert recurrence of similar irregularities in future. The Committee will await a progress report on the matter.

ii. Roofing of Mbabala Youth Training Centre

The Controlling Officer submitted that the building materials had all been collected and were on site. His office had since secured funds for the contractor to complete the works.

Committee's Observations and Recommendations

The Committee recommends the matter for closure subject to audit verification.

h. Rehabilitation and Upgrading of Lifalale Dam

The Controlling Officer submitted that the project was on-going and almost complete. It would soon be handed over to the Ministry of Water Development, Sanitation and Environmental Protection (MWDSEP).

Committee's Observations and Recommendations

In noting the submission from the Controlling Officer, the Committee expresses concern at the inordinate delay in completing the rehabilitation and upgrading of Lifalale Dam in Zimba District. The Committee, therefore, urges the Controlling Officer to ensure that all the outstanding works are carried out and the project handed over, without further delay. The Committee will await a progress report on the matter.

General Observations and Recommendations

The Committee notes with concern that the Provincial Administration's accounts were qualified during the period under review. The Committee also finds unacceptable the tendency by the Controlling Officer to refer queries of misapplication of funds and unsupported payments to his predecessor. The Committee observes that this practice is clear confession of failure to perform his duties as Controlling Officer. The Committee, therefore, urges the Secretary to the Treasury to take disciplinary action against the Controlling Officer for failure to perform.

REPORT ON THE VERIFICATION TOUR BY THE PUBLIC ACCOUNTS COMMITTEE TO THE COPPERBELT, CENTRAL AND NORTHERN PROVINCES

67. The Committee undertook a local tour to the Office of the President, Provincial Administration Offices in Copperbelt, Central and Northern Provinces. The purpose of the tour was to check on the progress made on the construction of selected infrastructure projects under the three Provincial Administration Offices, which had been cited in the Reports of the Auditor-General on the Accounts of the Republic for the Financial Years Ended 31st December, 2016 and 2017.

The findings, observations and recommendations of the Committee during the tour are set out below.

A. Copperbelt Province

1. Misaka Resettlement Project- Inspection of Boreholes and Access Roads

Following Government's decision to construct the Copperbelt International Airport in Ndola, there was need to relocate and compensate the settlers that had occupied the land that was earmarked for the construction of the airport to an alternative site. Misaka resettlement area within Ndola was identified for this purpose. There were 341 households that were earmarked for relocation and compensation.

a. Drilling of Twenty-Five Boreholes

It was reported in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2017 that only sixteen out of twenty-five boreholes had been sunk but the water colour was brown as a result of the rust from the steel casing that was used instead of the PVC casing stipulated in the contract.

During consideration of the Auditor General's Report by the Committee, the Controlling Officer confirmed that only sixteen out of the planned for twenty-five boreholes had been sunk because the remaining nine boreholes had been earmarked to be sunk in the extra 800 hectares which had been requested from Zambia Forestry and Forest Industries Corporation Limited (ZAFFICO). The brownish water from the boreholes was as a result of non-use of the said boreholes. The Provincial Administration tested water samples from five boreholes. The results from the laboratory test showed that the water was fit for human consumption.

The anomaly of using steel casings instead of PVC casings was noted and the contractor was informed and remedial measures to replace the casings were implemented. Nine boreholes had the steel casings replaced with PVC casings. For the remaining seven boreholes, the steel casings could not be removed and it was resolved by inserting four inch PVC casings inside the steel casings. Further, two hand pumps that were not functional were worked on by the contractor in June, 2018 and the boreholes had been functioning since then.

Committee's Findings

The Committee's findings at the time of the tour are set out below.

- i. The Committee was informed that sixteen out of twenty-five boreholes had been sunk. However, the Committee only inspected three boreholes.
- ii. The water colour from two out of the three boreholes inspected was brown. The water colour from the borehole was milky.
- iii. The Committee was informed that the remaining nine boreholes were earmarked to be drilled within the additional 800 hectares of land that had been requested from ZAFFICO.



PAC Chairperson, Hon. Howard Kunda, Inspecting One of the Boreholes in Misaka Resettlement Area

Committee's Observations and Recommendations

The Committee is concerned that the colour of water from two boreholes inspected is brown. The Committee recommends that the Controlling Officer should submit the results of the laboratory test that was conducted to ascertain the suitability of the water for human consumption to the Auditor General for verification.

b. Opening up of Access Roads by the Zambia National Service

It was reported in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2017 that two access roads with a combined stretch of 2.6km had not been opened up. The inner network roads that were opened up had been overgrown with grass.

Further, the roads connecting the resettlement area to Ndola were not included resulting in the community being cut off during rainy season as the roads became impassable. In this regard, the relocation of settlers had to be suspended due to bad roads. There was also no evidence of a maintenance plan for opened up roads.

During consideration of the Auditor General's Report by the Committee, the Controlling Officer submitted that the 2.6 km had not been opened up by the Zambia National Service (ZNS) because roads were being opened up as ZAFFICO sold the pines after harvesting. This arrangement delayed the opening of roads up to the start of the rainy season. The rainy season, coupled with delayed funding, led to withdrawal of the machinery by ZNS.

Some inner access roads had been overgrown with grass because the roads were opened up before the rainy season and were not being used as few affected settlers had been moved at that time. There were two existing access roads maintained by ZAFFICO, one connecting Ndola-Mufulira road at Sakania, whilst the other one was connecting Ndola-Kitwe road at Baluba. However, the two access roads were not part of the Resettlement Action Plan (RAP) and the maintenance of the said roads was done by ZAFFICO.

During the rainy season, heavy trucks carrying loads of timber damaged the roads and the maintenance was done after the rainy season.

The Controlling Officer further submitted that the Copperbelt Provincial Administration had on several occasions written to the Ministry of Finance requesting for funding to complete the resettlement works in Misaka. As of 31st October, 2018, the Ministry had not provided the required financial resources.

Committee's Findings

The Committee's findings at the time of the tour are set out below.

- i. The Committee was informed that 58.4 kilometres of roads out of 61 kilometres were graded.
- ii. The access roads that had been opened up were overgrown with grass.
- iii. ZAFFICO had not released the 800 hectares of land that the Provincial Administration had requested, despite being engaged and promising to do so.
- iv. The resettlement area was in need of services such as a primary school, a clinic, police post and electricity.
- v. There was no officer who was specifically designated as a Resettlement Manager and who should be a link between the affected settlers and the Copperbelt Provincial Administration.

Committee's Observations and Recommendations

The Committee notes that the status of the access roads is as reported in the Report of the Auditor General for the Financial Year Ended 31st December, 2017 as nothing has been done by the Provincial Administration since that time. The Committee, therefore, reiterates its recommendation at paragraph 55 (d) (iii) that the Controlling Officer should come up with a maintenance plan and budget for all roads opened up in Misaka resettlement area. The Controlling Officer should further follow up the pending funding from the Ministry of Finance for the remaining works in the resettlement area. In addition, ZAFFICO should be requested to categorically state its position on the request of 800 hectares of land by the Provincial Administration. Further, the Government should ensure that the main road linking the resettlement area to Ndola is maintained to ensure that the settlers are not cut off due to the bad state of the road during the rainy season. The Committee resolves to await a progress report.

2. Rehabilitation of the Provincial Minister's House

It was reported in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2017 that amounts totalling K110,000 were released for the rehabilitation of the official residences of the Minister and the Permanent Secretary. A physical inspection of the Minister's house conducted on 27th February, 2018 by the Office of Auditor General revealed that the roof was damaged and was leaking as evidenced by the water stains on the ceiling boards, the sewer pipes were blocked and the walls were peeling off in the sitting room, bathrooms and kitchen. As at 31st August, 2018, in spite of the availability of funds, the Minister's house had not been rehabilitated.

During consideration of the Auditor General's Report by the Committee, the Controlling Officer informed the Committee that the Minister's house was in a deplorable state and

required huge sums of money to rehabilitate. The Provincial Administration had engaged the Ministry of Works and Supply to assess the damage on the house and advise on how they should proceed on the matter. The Controlling Officer further submitted that despite the amount received, the works could not be undertaken on the house because the balance that remained was not adequate to undertake the rehabilitation. The Bill of Quantities for the full rehabilitation which included water reticulation, road works, sewer and landscaping amounted to K3 million.

The Committee was informed that as an alternative, based on the cost estimates that would arise, management proposed the construction of a new house for the Minister. The Controlling Officer stated that he would request the Ministry of Finance to fund the cost of the rehabilitation works and ensure that the house was habitable.

Committee's Findings

The Committee's findings at the time of the tour are as set out below.

- a. The status had not changed much from what was reported in the Auditor General's Report. However, the sewer pipes that were reported to be blocked had been worked on.
- b. The Committee was informed that the funds allocated were not enough as the rehabilitation project required colossal sums of money of about K3 million as per Bill of Quantities.
- c. The Committee was informed that Management was of the view that another house could be constructed for the Minister so that the 7.5 hectares plot could be used to construct either an office block or a mini state house.

Committee's Observations and Recommendations

The Committee contends that the house is not as dilapidated as it had been reported by the Controlling Officer and, therefore, doubts the Controlling Officer's report that K3 million is required for the rehabilitation works as per the Bill of Quantities.

In this regard, the Committee urges the Controlling Officer to expeditiously seek the intervention of the Ministry of Finance to provide funding for the minor works required on the house in order to make it habitable so that the Minister could occupy it without delay. The Committee resolves to await a progress report on the matter.

3. Construction of Chief Nkambo's Palace

It was reported in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2017 that the Provincial Administration engaged Insoke Construction Limited of Ndola to construct Chief Nkambo's Palace - Phase II in Masaiti District at a contract sum of K889,314 inclusive of Value Added Tax (VAT). The contract was for a period of nine weeks from 14th February to 20th April, 2017. As of April, 2018, the contractor had been paid amounts totalling K110,812 representing 12.5 percent of the contract price leaving a balance of K778,502.

A visit to the site carried out on 16th March, 2018, revealed that forty-seven weeks after the expected completion date, the structure had not been completed with the following works still outstanding:

- a. fitting of doors;
- b. glazing;
- c. ceiling;
- d. painting;
- e. external works; and
- f. fitting of three door frames – two pantries and kitchen.

Further, it was observed that the contractor fitted 10 x 6 inch door frames instead of 10 x 8 inch door frames as per the Bill of Quantities.

During consideration of the Auditor General's Report by the Committee, the Controlling Officer submitted that the remaining works on Chief Nkambo's Palace would be completed when the Provincial Administration was funded. With regard to door frames, the Committee was informed that the contractor replaced the 10 x 6 inch door frames with the 10 x 8 inch door frames as stated in the Bill of Quantities. The Committee was further informed that the project had been budgeted for in the 2019 budget under the line for the Ministry of Chiefs and Traditional Affairs.

Committee's Findings

The Committee's findings at the time of the tour are as set out below.

- a. The height of four door frames was shorter than the recommended two metres.
- b. Contrary to the Controlling Officer's submission during the consideration of the Report of the Auditor General for the Financial Year Ended 31st December, 2017 that the contractor had replaced the 10 x 6 inch door frames with the 10 x 8 inch door frames, the Committee found that the contractor had in fact not done so.
- c. Glazing as well as fitting of the ceiling had been done.
- d. The house was not yet painted.
- e. External works were incomplete, for instance, the construction of the septic tanks and the soakaway had not been completed.
- f. The contractor commenced works without being paid the twenty-five percent mobilisation fee.

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all the identified defects are rectified. In addition, the Controlling Officer should pursue the funding for the completion of the remaining works with the Ministry of Finance. The Committee resolves to await a progress report on the matter.

4. Construction of Three Houses in Lufwanyama

It was reported in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2017 that the Provincial Administration engaged Tunta General Contractors Limited to construct three houses in Lufwanyama District at a contract sum of K1,858,346. The duration of the contract was thirty weeks.

As at 31st March, 2018, the contractor had been paid amounts totalling K758,669 leaving a balance of K1,099,677. A physical inspection of the project carried out in March, 2018 revealed that all the three houses were roofed with the following works still outstanding:

- a. installation of steel window and door frames;
- b. external and internal plastering;
- c. fitting of all electrical works, including connecting houses to the national grid
- d. flooring in cement mortal;
- e. internal and external plumbing, including drainage works;
- f. fitting of doors, shelves and iron monger;
- g. glazing works;
- h. cleaning of site; and
- i. demobilisation and site hand over.

During the period under review no works were done and the contractor had abandoned the site.

Committee's Findings

The Committee found the status of the project exactly as it was reported by the Auditor General as nothing had been done since then. The Committee further noted that there were other Government houses being constructed at the site although the projects were spearheaded by different departments.



An Officer from the Copperbelt Auditor General's Office Explaining the Audit Query on the Three Houses to the Members

Committee's Observations and Recommendations

In addition to following up the funding for the completion of the remaining works at the three Government houses, the Committee recommends that the Controlling officer should explore the possibility of transferring the project to the Ministry of Housing and Infrastructure Development which may expeditiously complete the remaining works. The Committee resolves to await a progress report on the matter.

5. Construction of a 1 x 3 Classroom Block in Kambilombilo

It was reported in the Report of the Auditor General on the Accounts of the Republic for the Financial Year Ended 31st December, 2017 that in 2015, the Provincial Administration engaged Lindman Enterprises Limited to construct a 1x3 classroom block at Kambilombilo

Community School. However, the terms of the contract such as contract date, contract sum, commencement date and contract period could not be ascertained because the contract was not availed for audit. As of March, 2018, the contractor had been paid amounts totalling K115,095.

A physical inspection of the project carried out in March, 2018 revealed that, although the contractor was engaged to construct a 1x3 classroom block, he constructed a 1x2 classroom block. The structure had been roofed and iron mongery works had been done with the following outstanding works:

- i. painting and decorations of inside and outside the classroom block;
- ii. electrical wiring and installation;
- iii. fixing of glass panes;
- iv. casting of concrete in the strong room above door level;
- v. fixing of doors and mortice locks;
- vi. spoon drain on the front end of the building;
- vii. fixing of peg stays and window handles; and
- viii. some cracks had developed on the floor.

During consideration of the Auditor General's Report by the Committee, the Controlling Officer submitted that the initial plan for the construction of the 1 x 3 classroom block in Kambilombilo was community based, where the community was supposed to provide the building materials such as sand and burnt bricks. The Government was to procure the other items such as iron sheets and door frames. However, the community could not assist in any way, resulting in the Provincial Administration Office engaging a contractor to build a 1 x 2 classroom block as opposed to the initial plan of building a 1 x 3 classroom block. This was done after further consultations with the Provincial Buildings Engineer, bearing in mind that only K150,000 was available for the project.

The Controlling Officer also submitted that the project was still in progress and would be completed once the balance of K36,981 was funded by the Treasury. Further, a provision was made under dismantling of arrears in the 2018 budget to complete the project. The project had been budgeted for in the 2019 budget for the completion of the remaining works, as funds in the 2018 budget were yet to be released.

Committee's Findings

The Committee's findings at the time of the tour are as set out below.

- i. The status was as reported by the Auditor General as nothing had happened since then and the contractor was not on site.
- ii. There was no contract signed by the parties involved and the works commenced on the basis of a Local Purchase Order.
- iii. The Committee was informed that the Provincial Administration Office did not seek authority to vary the plan and build a 1 x 2 classroom block as opposed to the initial plan of a 1 x 3 classroom block.
- iv. The Committee was informed that amounts totalling K265,095 had been released for the construction of the classroom block.

- v. The Committee was informed that the Provincial Administration owed the contractor some money for the works that had been done.
- vi. Accessibility of the school is a challenge due to the bad state of the road to Kambilombilo.

Committee's Observations and Recommendations

The Committee reiterates its recommendation that the Controlling Officer should follow up the issue of funding for the completion of the works. The Controlling Officer is further urged to ensure that the issue of variation is normalised. The Committee also urges the Government to ensure that the road to Kambilombilo is maintained. The Committee will await a progress report.

B. Central Province

1. Construction of Broken Hill Cultural Village - K150,000

In the report on the Auditor General for the Financial Year Ended 31st December, 2016, it was reported that in 2013, the Ministry of Tourism released K150,000 for the construction of a cultural village in Kabwe.

The Report had indicated that an inspection of the project in August 2017 revealed that the work had stalled and materials such as grass meant for thatching were going to waste.

However, the Controlling Officer informed the Committee that the construction of the Broken Hill Cultural Village had stalled not because of misapplication but as a result of lack of funding and changes in the infrastructure design which was still being awaited from Copperbelt University.

Committee's Findings

At the time of the tour, the following were found:

- a. the project was still abandoned and had not received any attention for more than four (4) years;
- b. all the grass meant for the thatching of the roof was wasted and nothing was found on site.
- c. due to poor record keeping the Provincial Administration failed to provide information pertaining to the contract, the bill of quantities and the funding for the project.



Picture depicting the Acting Deputy Auditor General in Charge of Audits, Explaining the Ramifications of the Audit Query to the Members of Public Accounts Committee

Committee's Observations and Recommendations

The Committee, therefore, urges the Controlling officer to prioritise the completion of the remaining works at the Broken Hill Cultural Village Construction site in order for the community to begin to drive the intended benefits. The Committee also urges the Controlling officer to put systems in place that will ensure due diligence in contract administration and records management at the Provincial Administration for Central Province.

2. Construction of Meteorological Office - K150,000

In the report on the Auditor General for the Financial Year Ended 31st December, 2016, it was reported that in September 2014, an amount of K150,000 was released by government to the Provincial Administration for the construction of an office block for the meteorological department in Serenje.

It was also reported that although the super structure was completed the following works were still outstanding; electrical fittings, glazing, plumbing, plastering, fitting of ceiling board, fitting of air vents, flooring, building septic tanks and soak way among others and the contractor was not on site.

However, the Controlling Officer informed the Committee that the contractor was on site and was executing the remaining works. In this regard, the works were at ninety percent completion.

Committee's Findings

The Committee found that works such as electrical fittings, glazing, plumbing, plastering, fitting of ceiling board, fitting of air vents, flooring, building septic tanks and soakway had all

been done. It, however, observed that works on the spoon drains, fascia board and curtain rails were poorly done.

The Committee learnt that the community had been involved in the completion of the project. The Committee also learnt that funds contributed by the community were not exhausted even after completing the remaining works of the project.



Picture of the Completed Meteorological Office in Serenje District

Committee's Observations and Recommendations

The Committee notes that the outstanding works highlighted by the Auditor General have been addressed. However, the Committee urges the Controlling Officer to ensure that works on the spoon drains, fascia board and curtain rails which were poorly done are revisited. The Committee resolves to close the matter subject to verification of the few pending works.

C. Northern Province

1. Construction of a Modern Bus Station in Kasama District - K371,846

In the report on the Auditor General for the Financial Year Ended 31st December, 2017, it was reported that On 28th December, 2015, the Provincial Administration engaged Jonko Contractors and General Dealers of Kasama District to construct eight ticketing booths and luggage bay at Chikumanino Bus Shelter at a contract price of K371,846 with a completion period of ninety days ending 31st March, 2016.

It was also reported that a physical inspection of the site carried out in May 2018 revealed that the following works were still outstanding; part of joinery and iron mongery and metal works, electrical installations, finishes, plastering, terrazzo, glazing, painting and decorations and construction of a drainage. Although the contractor was on site at the time of inspection, works had stalled.

However, the Controlling Officer submitted that the works at the construction site had stalled because the project was under budgeted in 2017. He further submitted that the completion of the project had been budgeted for in the 2019 budget.

Committee's Findings

The Committee found that the following works were still outstanding; part of joinery and ironmongery and metal works, electrical installations, finishes, plastering, terrazzo, glazing, painting and decorations and construction of a drainage.



PAC Chairperson, Hon. Howard Kunda, updating Kasama Residents at the Site of the Eight Uncompleted Booths at Kasama Bus Station.

Committee's Observations and Recommendations

In light of the pending works, the Committee urges the Controlling Officer to ensure that funds are mobilised in order to have all the remaining works completed, as a matter of urgency. The Committee will await a progress report on the matter.

2. Wasteful Expenditure – Construction of Chiefs' Palaces - K671,865

In the report on the Auditor General for the Financial Year Ended 31st December, 2016, it was reported that in October 2015, the Provincial Administration procured various building materials costing K671,865 for the construction of chiefs' palaces (Chief Shimumbi's palace - K373,997 and Chieftainess Chungu's palace – K297,868).

It was also reported that as at 31st July, 2017, six hundred (600) pockets of cement costing K51,000 had since hardened due to poor storage rendering the expenditure wasteful.

However, the Controlling Officer submitted that according to the guidelines on the construction of palaces for chiefs paragraph 13 Chapter 2, the chief's representatives shall provide adequate security and secure storage facilities for the building materials.

Committee's Findings

The Committee was informed that the pockets of cement were reclaimed and used. In addition, the Committee inspected the house constructed for Senior Chief Shimumbi of

Luwingu District. The Committee established that the house was still unoccupied due to some poorly done works on the doors, in the bathroom and the non functioning water reticulation system.



Senior Chief Shimumbi's Completed Palace

Committee's Observations and Recommendations

The Committee urges the Controlling Officer to ensure that all the poorly done works are revisited after which the matter should close.

CONCLUSION

68. 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, 2017. The Committee further wishes to thank the Controlling Officers and the Secretary to the Treasury who appeared before it 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 witnesses.

Mr H Kunda
CHAIRPERSON

Date
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 K Lyondo, Acting Stenographer
Mr D Lupiya, Committee Assistant
Mr M Kantumoya, Parliamentary Messenger